TONBRIDGE & MALLING BOROUGH COUNCIL

EXECUTIVE SERVICES

Chief Executive
Damian Roberts

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NB - This agenda contains proposals, recommendations and options. These do not represent Council policy or decisions until they have received proper consideration through the full decision making process.

Contact: Democratic Services
committee.services@tmbc.gov.uk

11 July 2025

To: MEMBERS OF THE AUDIT COMMITTEE
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Audit Committee to be held in the Council Chamber, Gibson Drive, Kings Hill, on Monday, 21st July, 2025 commencing at 7.30 pm.

Members of the Committee are required to attend in person. Other Members may attend in person or participate online via MS Teams.

Information on how to observe the meeting will be published on the Council's website.

Yours faithfully

DAMIAN ROBERTS

Chief Executive

A G E N D A

Members are reminded of their obligation under the Council's Code of Conduct to disclose any Disclosable Pecuniary Interests and Other Significant Interests in any matter(s) to be considered or being considered at the meeting. These are explained in the Code of Conduct on the Council's website at Code of conduct for members – Tonbridge and Malling Borough Council (tmbc.gov.uk).

Members in any doubt about such declarations are advised to contact Legal or Democratic Services in advance of the meeting.

To confirm as a correct record the Minutes of the meeting of Audit Committee held on 14 April 2025

Matters for Recommendation to the Council

This report informs Members of the outcome of the annual review of the Local Code of Corporate Governance.

The report provides details of investments undertaken during April and May of the current financial year, and the Treasury Management outturn position for 2024/25.

Matters for Recommendation to the Cabinet

The report of the Management Team provides an update on the risk management process and the Strategic Risk Register. An update is also provided in respect of the work being undertaken within the Council to champion risk management.

Matters for Decision under Delegated Powers

This report presents the Annual Governance Statement for the year ended 31 March 2025 for Members' endorsement. The Annual Governance Statement was signed by both the Leader of the Council and the Chief Executive on 31 May 2025 and accompanies the Statement of Accounts 2024/25.

10. Draft Statement of Accounts 2024/25 97 - 188

This report presents an unaudited set of Accounts for 2024/25 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom.

11. Review of the Effectiveness of Internal Audit 2024/25 189 - 198

This report informs Members of the findings of the Annual Review of the Effectiveness of the Internal Audit Function for the year 2024/25.

12. Internal Audit and Counter Fraud Quarter 4 Progress Report and Annual Opinion 199 - 242

This report informs Members of the opinion of the Chief Audit Executive on the Council's framework for governance, risk management and control, together with the Internal Audit work completed during 2024/25 to support that opinion. In addition, the report also informs Members on the work of the Counter Fraud function in 2024/25.

Matters submitted for Information

13. Grant Thornton Audit Progress Report and Sector Update 243 - 270

This report provides an update on the Audit being undertaken on the Financial Statements for 2024/25 and updates emerging national issues and developments identified by our External Auditor, Grant Thornton.

14. Urgent Items 271 - 272

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

Matters for consideration in Private

15. Exclusion of Press and Public 273 - 274

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

PART 2 - PRIVATE

16. Urgent Items 275 - 276

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

MEMBERSHIP

Cllr R I B Cannon (Chair)
Cllr J R S Lark (Vice-Chair)

Cllr T Bishop
Cllr J Clokey
Cllr M A J Hood
Cllr B A Parry
Cllr M R Rhodes

GUIDANCE ON HOW MEETINGS WILL BE CONDUCTED

(1) Most of the Borough Council meetings are livestreamed, unless there is exempt or confidential business being discussed, giving residents the opportunity to see decision making in action. These can be watched via our YouTube channel. When it is not possible to livestream meetings they are recorded and uploaded as soon as possible:

https://www.youtube.com/channel/UCPp-IJlSNgoF-ugSzxjAPfw/featured

(2) There are no fire drills planned during the time a meeting is being held. For the benefit of those in the meeting room, the fire alarm is a long continuous bell and the exits are via the doors used to enter the room. An officer on site will lead any evacuation.

(3) Should you need this agenda or any of the reports in a different format, or have any other queries concerning the meeting, please contact Democratic Services on committee.services@tmbc.gov.uk in the first instance.

Attendance:

- Members of the Committee are required to attend in person and be present in the meeting room. Only these Members are able to move/ second or amend motions, and vote.
- Other Members of the Council can join via MS Teams and can take part in any discussion and ask questions, when invited to do so by the Chair, but cannot move/ second or amend motions or vote on any matters. Members participating remotely are reminded that this does not count towards their formal committee attendance.
- Occasionally, Members of the Committee are unable to attend in person and may join via MS Teams in the same way as other Members. However, they are unable to move/ second or amend motions or vote on any matters if they are not present in the meeting room. As with other Members joining via MS Teams, this does not count towards their formal committee attendance.
- Officers can participate in person or online.

- Members of the public addressing an Area Planning Committee should attend in person. However, arrangements to participate online can be considered in certain circumstances. Please contact committee.services@tmbc.gov.uk for further information.

Before formal proceedings start there will be a sound check of Members/Officers in the room. This is done as a roll call and confirms attendance of voting Members.

Ground Rules:

The meeting will operate under the following ground rules:

- Members in the Chamber should indicate to speak in the usual way and use the fixed microphones in front of them. These need to be switched on when speaking or comments will not be heard by those participating online. Please switch off microphones when not speaking.
- If there any technical issues the meeting will be adjourned to try and rectify them. If this is not possible there are a number of options that can be taken to enable the meeting to continue. These will be explained if it becomes necessary.

For those Members participating online:

- please request to speak using the 'chat or hand raised function';
- please turn off cameras and microphones when not speaking;
- please do not use the 'chat function' for other matters as comments can be seen by all;
- Members may wish to blur the background on their camera using the facility on Microsoft teams.
- Please avoid distractions and general chat if not addressing the meeting
- Please remember to turn off or silence mobile phones

Voting:

Voting may be undertaken by way of a roll call and each Member should verbally respond For, Against, Abstain. The vote will be noted and announced by the Democratic Services Officer.

Alternatively, votes may be taken by general affirmation if it seems that there is agreement amongst Members. The Chairman will announce the outcome of the vote for those participating and viewing online.

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Audit Committee					
	Conservative	**Liberal Democratic**	**Green**	**Ind. Kent Alliance**	**Labour**
1	Chris Brown	Bill Banks	Kath Barton		
2	Steve Hammond	Paul Boxall	Anna Cope		
3	Sarah Hudson	Garry Bridge	Steve Crisp		
4	Kim Tanner	Trudy Dean	Robert Oliver		
5	Keith Tunstall	Roger Roud	Stacey Pilgrim		
Members of Cabinet cannot be appointed as a substitute to this Committee					

Updated: May 2025

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Declarations of interest

Members in any doubt about such declarations are advised to contact Legal or Democratic Services in advance of the meeting

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TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES

Monday, 14th April, 2025

Present: Cllr M R Rhodes (Vice-Chair, in the Chair), Cllr T Bishop, Cllr J Clokey, Cllr J R S Lark, Cllr B A Parry and Cllr K Barton (substitute)

Virtual: Councillors M A Coffin, W E Palmer and K B Tanner participated via MS Teams in accordance with Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors R I B Cannon (Chair) and M A J Hood.

PART 1 - PUBLIC

AU 25/12 NOTIFICATION OF SUBSTITUTE MEMBERS

Notification of substitute Members were recorded as set out below:

- Councillor K Barton substituted for Councillor M Hood

In accordance with Council Procedure Rules 17.5 to 17.9 this Councillor had the same rights as the ordinary member of the committee for whom they were substituting.

AU 25/13 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

However, for reasons of transparency, Cllr Clokey reminded Members that in relation to agenda item 8 (Treasury Management Performance Update) he was employed by one of the companies who managed a multi asset fund which the Borough Council had invested in and was referenced in the report. As this did not represent either a Disclosable Pecuniary or Other Significant Interest there was no reason for Cllr Clokey to withdraw from the meeting.

AU 25/14 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 13 January 2025 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

AU 25/15 ANNUAL REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE

The report of the Chairman of the Audit Committee aimed to inform the Council of the means by which the Committee had provided independent assurance to those charged with governance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting and annual governance processes. The report summarised the work carried out by the Committee during 2024/25 and concluded that the required independent assurance, as defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance, had been provided by the Audit Committee to those charged with governance.

RECOMMENDED*: That the Annual Report be presented to the Full Council to provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

*__Recommended to Council__

MATTERS FOR RECOMMENDATION TO THE CABINET

AU 25/16 RISK MANAGEMENT

The report of the Management Team provided an update on the risk management process and the Strategic Risk Register. An update was also provided in respect of the work being undertaken within the Council to champion risk management.

An executive summary of the RED risks was provided at Annex 1 of the report and a full update on the current strategic risks and how they were being managed as at the time of writing were set out at Annex 1a. The risks that were categorised RED at the time of the January 2025 meeting were:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Implementation of the Agile software system

Following a decision taken by Cabinet on 4 March 2025 with a ‘change of direction’ given the strategic and operational issues relating to the implementation of the Agile software system, the risk associated with Agile implementation had been retitled ‘Management exit from the Agile system’ and due to the complex stage the Council was at, it was considered that the risk at the time should remain as RED pending further review.

The current RED risks were therefore as follows:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Management exit from the Agile system

Particular attention was drawn to a new risk added to the Strategic Risk Register in respect of 'Devolution and Reorganisation in Kent Local Government' which was currently classified as 'Amber', although it was recognised that the risk rating could change quickly pending release of further information from the Government.

In response to questions raised by Members with regard to the risks associated with service operations and the enhanced functionality of software systems, the Committee were advised that operational risks were monitored by services with prominent risks escalated to the Management Team for review as to whether they should be added to the Strategic Risk Register as and when required and that consideration would be given to including the potential non-delivery of the added functionality as a result of the exit from the Agile system within the relevant risk on the Strategic Risk Register.

A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to the Committee were set out at Annex 2 of the report.

In addition, Members were reminded that the Chair of the Audit Committee was nominated as the Member Risk Champion and a description of the role agreed with the Chair was attached at Annex 3.

Following the appointment of Risk Champions at both Member and Officer levels, an officer Risk Management Group had been established with the objective of spreading the workload, and word, on the importance of risk management throughout the Council. The Group was leading on a review and update of the Risk Management Strategy and anticipated to present an updated Strategy to the Committee to review in September 2025.

RECOMMENDED*: That

(1) the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED, be noted;

(2) the service risks identified in Annex 2 of the report, be noted; and

(3) the responsibilities of the Member Risk Champion as detailed in Annex 3 of the report, be noted.

***Recommended to Cabinet**

MATTERS FOR DECISION UNDER DELEGATED POWERS

AU 25/17 TREASURY MANAGEMENT PERFORMANCE UPDATE

The report of the Director of Finance and Transformation provided details of the investments undertaken and return achieved in the first eleven months of the current financial year.

A full list of investments held on 28 February 2025 was attached at Annex 1 to the report and a copy of the lending list at Annex 2. In terms of cash flow and core cash investments, £2,808,970 was earned in interest to the end of February 2025, which had exceeded expectation when compared to the revised estimate for the same period. The positive variance was primarily driven by the slower-than-anticipated reduction in the Bank Rate, which had resulted in sustained higher interest yields on deposits. An extract from MUFG’s (Mitsubishi UFJ Financial Group, formerly Link Asset Services) latest benchmarking data was provided in the form of a scatter graph at Annex 3, which showed that as at 31 December 2024 the Borough Council’s return was 4.76%, in line with the local benchmarking group average of 4.75%.

With regard to long term investment, during the period 1 April 2024 to 31 December 2024, the £3.72m investment in property funds generated dividends of £118,040 which represented an annualised return of 4.21% compared to 3.65% in 2023/24. The overall income from all property funds was expected to exceed the revised budget for the 2024/25 financial year by circa £39k.

Following the termination of the Lothbury Property Trust, five payments had been received to-date totalling £1,276,520 of the initial investment. Taking into account the dividends received in the sum of £379,040 since the fund’s inception up to February 2025, the breakeven point would be achieved with the recovery of £344,440 from the sale of outstanding assets which were expected to be finalised by June 2025.

In addition, being a small-value investment stakeholder in the Hermes Property Trust, the Council would have the shares realised and paid out upon successful completion of the merger of the Trust.

Under medium term investment, during the period April 2024 to February 2025, the £4.25m investment in multi asset funds generated dividends of £192,750, which represented an annualised return of 4.96%.

RESOLVED: That

(1) the Treasury Management position as at 28 February 2025, be noted; and

(2) the current positions in respect of the Lothbury and Hermes Property Investment Funds, be noted.

AU 25/18 INFORMING THE AUDIT RISK ASSESSMENT FOR TONBRIDGE AND MALLING BOROUGH COUNCIL 2024/25

The report of the Management Team contributed towards the effective two-way communication between Tonbridge and Malling Borough Council's external auditors and the Audit Committee, as 'those charged with governance' in respect of the audit of the financial statements.

As part of the risk assessment procedure, the external auditors were required to obtain an understanding of management processes and the Borough Council's oversight in a number of areas as set out in paragraph 5.1 of the report. A series of questions were asked of the Management and responses were detailed in Annex 1. It was noted that no major issues had been raised by the Management.

RESOLVED: That the responses to the questions set out at Annex 1 of the report, be endorsed.

AU 25/19 INTERNAL AUDIT STRATEGY, CHARTER AND MANDATE

The report of the Chief Audit Executive presented an Internal Audit Strategy, attached at Annex 1, together with an Internal Audit Charter and Mandate, attached at Annex 2, for Member consideration and approval in order to comply with the Global Internal Audit Standards.

Members noted that, once approved by the Committee, the draft Internal Audit Charter and Mandate would require signing off by the Chair of the Audit Committee, the Council's Chief Executive and the Chief Audit Executive.

RESOLVED: That

(1) the Internal Audit Strategy, attached at Annex 1 of the report, be approved; and

(2) the Internal Audit Charter and Mandate, attached at Annex 2 of the report, be approved.

AU 25/20 INTERNAL AUDIT AND COUNTER PLAN 2025/26

The report of the Chief Audit Executive presented the Internal Audit and Counter Fraud Plan for 2025/26, which had been developed using a risk-based approach to determine the priorities of the Internal Audit activity consistent with the organisation's goals.

Significant risk areas and priorities had been identified through a risk assessment which included a review of the Strategic and Service Risk Registers, analysis of the wider environment, use of organisational knowledge and discussions with Directors and Heads of Service, both individually and collectively as part of Management Teams. The Plan had been reviewed and endorsed by the Management Team.

RESOLVED: That the Internal Audit and Counter Fraud Plan for the year 2025/26, as set out in Annex 1 of the report, be approved.

MATTERS SUBMITTED FOR INFORMATION

AU 25/21 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT

Members were provided with an update on the work of both the Internal Audit and the Counter Fraud Teams. The progress report at Annex 1 provided an accumulative summary view of the work undertaken by Internal Audit and Counter Fraud for the period January 2025 to March 2025, together with the resulting conclusions where appropriate.

It was clarified that a supplementary report would be issued in respect of a summary of the advisory work for the Tonbridge Castle Project.

During discussion, particular reference was made to the introduction and the benefit of using AI (Artificial Intelligence) technology and Microsoft Copilot in identifying potential risks and developing audit planning programme moving forward.

RESOLVED: That the Internal Audit Progress Report for the period January 2025 to March 2025, attached at Annex 1 of the report, be noted.

AU 25/22 GRANT THORNTON'S INDICATIVE AUDIT PLAN FOR TONBRIDGE AND MALLING BOROUGH COUNCIL

Members were provided with an indicative audit plan from the external auditor, Grant Thornton, for the 2024/25 year, attached at Annex 1, which provided an overview and timing of the statutory audit for the 2024/25 accounts.

It was noted that the draft statement of accounts was expected to be available online from the end of May 2025, with the draft copy being presented to the Committee in July 2025. Furthermore, it was expected that the Audited Statement as well as the Audit Findings Report would be presented to the Committee in September 2025.

RESOLVED: That the Indicative Audit Plan for the Borough Council for 2024/25, attached at Annex 1 of the report, be noted.

AU 25/23 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

Members were provided with an update on audit progress and emerging national issues and developments from the external auditor, Grant Thornton.

In addition, Members of the Audit Committee were invited to join a series of Value for Money webinars on 4 June 2025, with details set out under 'Value for money webinar for Audit Committee members' section of the Audit Progress Report and Sector Updates, attached at Annex 1.

RESOLVED: That the Audit Progress Report and Sector Updates, attached at Annex 1 of the report, be noted.

AU 25/24 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 - PRIVATE

MATTERS SUBMITTED FOR INFORMATION

AU 25/25 INSURANCE CLAIMS HISTORY

(LGA 1972 Sch 12A Paragraph 3 – Financial of business affairs of any particular person)

The report of the Director of Finance and Transformation informed Members as to the nature and volume of liability and property damage insurance claims submitted for the year ending 31 March 2025.

RESOLVED: That the report and the annexes be noted.

The meeting ended at 8.21 pm

Audit Committee

21 July 2025

Part 1 - Public

Recommendation to Council

Cabinet Member	Martin Coffin, Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Damian Roberts, Chief Executive and Adrian Stanfield, Director of Central Services
Report Author	Joy Ukadike, Head of Legal and Democratic Services

Local Code of Corporate Governance

1 Summary and Purpose of Report

1.1 This report informs Members of the outcome of the annual review of the Local Code of Corporate Governance.

2 Corporate Strategy Priority Area

2.1 Efficient services for all residents, maintaining an effective Council.

2.2 Ensuring that the Council's governance arrangements work towards meeting the seven principles of good governance as set out in the CIPFA Good Governance in Local Government Framework.

3 Recommendations

3.1 To approve the updates and amendments to the Local Code of Corporate Governance at **Annex 1** and commend it to the Council for adoption.

4 Introduction and Background

4.1 The Local Code of Corporate Governance was last reviewed by this Committee in July 2024.

4.2 There are no substantive changes to the Code. The Code has been revised to reflect a small number of minor updates within the past year including the following:

(a) A new complaints handling procedure from 1st June 2025

(b) Annual Service Delivery Plan for 2025/2026

(c) Procurement Strategy 2024-2026

4.3 A revised Code is attached at Annex 1. Changes to the code are shown as tracked changes.

5 Proposal

5.1 Members are asked to approve the amendments to the Local Code of Corporate Governance set out at **Annex 1** and commend it to the Council for adoption.

6 Other Options

6.1 None considered.

7 Financial and Value for Money Considerations

7.1 There are no financial and value for money considerations arising from the Code.

8 Risk Assessment

8.1 Adoption of a Local Code of Corporate Governance is seen as good practice in that it demonstrates how the Council ensures it operates in a proper way and in accordance with the law and as such is subject to annual review to ensure it remains fit for purpose. Not to do so may attract unwelcome criticism.

9 Legal Implications

9.1 Whilst there is no legal requirement for Councils to develop a Local Code of Corporate Governance, such a Code provides a public document that demonstrates how the Council ensures it operates in a proper way and in accordance with the law.

10 Consultation and Communications

10.1 Internal consultation has been undertaken with relevant services.

11 Implementation

11.1 Subject to approval by this Committee and by Council, the revised Code will be published on the Council's website.

12 Cross Cutting Issues

12.1 Climate Change and Biodiversity

12.1.1 N/A

12.2 Equalities and Diversity

12.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	CIPFA/SOLACE – "Delivering Good Governance in Local Government Framework 2016"
Annexes	Annex 1 – Revised Code of Corporate Governance

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Local Code of Corporate Governance	Supporting Evidence
1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.	
1.1 Behaving with Integrity	
Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organization	The Council has Codes of Conduct for both Members and Officers. The Member code is founded upon the seven Principles of Public Life (the Nolan Principles). The Members' code is enforced (where necessary) through the Council's Joint Standards Committee. The Officer code is enforced (where necessary) through disciplinary procedures. In addition the Council has: • An Equalities Policy • A protocol for member/ officer relations • A Declaration of Interest Register for Members and for staff • A Register of Gifts and Hospitality offered to Members and staff • Financial Procedure Rules • Contracts Procedure Rules • A publicised complaints procedure • A fraud-aware culture, and an anti-fraud and corruption policy which is reviewed and updated annually.
Ensuring members take the lead in establishing specific standard operating principles or values for the organization and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life	The Council's constitution sets out clearly the standard operating procedures, and any delegation of responsibility from Council (and Cabinet) and the decision-making powers of the Council, Cabinet members, cabinet and the committees of the Council and the executive. The Council's Cabinet and Overview and Scrutiny Committee have established a Cabinet/ Scrutiny protocol which sets out the expectations that each body has of the other. The Seven Principles of Public Life are embedded within the Constitution and form part of the Members' Code of Conduct.
Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	The Council's constitution clearly sets out the process for holding the executive to account through a system of reporting to the Council's Overview & Scrutiny committee and the Scrutiny Select Committees.

	The Council has a Corporate Strategy for 2023 - 2027- which sets out an overarching vision for the Council.
1.2 Demonstrating Strong Commitment to Ethical Values	
Seeking to establish, monitor and maintain the organisation's ethical standards and performance	The Council has a number of policies and Codes which officers and members are expected to adhere to: • Codes of Conduct for Members and Officers • An Equalities Policy • A Declaration of Interest Register for Members and for staff • A Register of Gifts and Hospitality offered to Members and staff • Financial Procedure Rules • Contracts Procedure Rules • An anti-fraud and corruption policy • A Joint Standards Committee to promote and maintain high standards of conduct by Members. The arrangements for handling complaints under the Code were reviewed during 2023/24 with revised arrangements agreed by Council in October 2023.
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	The Code of Conduct for Members is enforced through the Standards process. Where members of staff depart from the Officer Code of Conduct or other policies, these may be enforced through disciplinary measures. The Monitoring Officer and Deputy Monitoring Officer are available to provide advice to Members and staff on all aspects of standards of conduct and lawful and ethical behaviour. Professional officers are also accountable to their respective professional bodies and any applicable Codes of Conduct.
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	The Council has robust arrangements in place to ensure that it does the right things, for the right people in a timely, inclusive, open, honest and accountable manner. These are monitored and publicized through: • The Council's performance reporting arrangements • Procedures for recruitment and training • Decision making practices (including requirements for the publication of officer decisions) • publication of decisions and committee meeting minutes • Data transparency arrangements, such

	as the Council's Publication Scheme under the Freedom of Information Act 2000 and data published in accordance with the Local Government Transparency Code
Ensuring that external providers of services on behalf of the organization are required to act with integrity and in compliance with ethical standards expected by the organisation	The Council's Contracts Procedure Rules require standard terms to be included in all contracts, including provisions relating to bribery, equalities and fraud.
1.3 Respecting the Rule of Law	
Ensuring members of staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations	The Council actively recognises the requirements and responsibilities placed on it by law and will act to observe all specific legal requirements placed upon it when taking decisions. Training is provided to new members of staff appropriate to their roles, and ongoing training (particularly in relation to regulatory functions) is also provided on both an ad hoc and programmed basis. This is underpinned by a series of policies and processes to ensure that staff adhere to legal requirements including: • Codes of Conduct for Members and Officers • A Declaration of Interest Register for Members and for staff • A Register of Gifts and Hospitality offered to Members and staff • Financial Procedure Rules • Contracts Procedure Rules • An anti-fraud and corruption policy
Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Training is provided to new members upon election, and ongoing training (~~in~~ particularly in relation to regulatory functions) is also provided on both an ad hoc and programmed basis. The Council's Monitoring Officer (the Director of Central Services & Deputy Chief Executive) and Deputy Monitoring Officer (the Head of Legal & Democratic Services),

	both of whom are qualified Solicitors with current practising certificates are responsible for ensuring that the Council acts in accordance with the law and that decisions made by the Council, however made, are made lawfully. The Council has appointed Deputies to each of the statutory officer posts to ensure resilience and also to ensure that those officers can act in the event of a conflict of interest arising. The 3 Statutory Officers and their Deputies meet on a regular basis in order to review current and likely future issues that will raise ethical, political, financial, legal, staffing or other issues that may impact on their statutory duties.
Striving to optimize the use of the full powers available for the benefit of citizens, communities and other stakeholders	All departments are encouraged to work closely with the Council's legal team and where necessary to consult the Monitoring Officer to ensure that the most effective use is made of the Council's powers. Legal staff receive regular training and updates when new powers become available to the Council. The Council also strives to utilise its statutory powers to work in the public interest and to the full benefit of its citizens, particularly in relation to regulatory activity. All committee reports include a section to ensure any legal implications are fully analysed when making decisions. In addition, many committees (in particular where the Council is carrying out regulatory functions) sit with a legal advisor.
Dealing with breaches of legal and regulatory provisions effectively	Staff in enforcement roles are appropriately trained and (where necessary) professionally qualified in the relevant field. The Council has individual service enforcement policies which set out how breaches are to be investigated and enforced. The Council has also adopted a Corporate Enforcement Policy. Investigations are carried out with the assistance of legal advice where needed. Any prospective prosecution is assessed in accordance with the Code for Crown Prosecutors

	and considered by a senior lawyer before a decision is made. Enforcement staff are encouraged to work closely with the Council's legal team to ensure that the most effective use is made of the enforcement powers available to the Council. In committees where the Council is carrying out a regulatory function, the committee usually sits with a legal advisor. The Council has appointed a Data Protection Officer and Deputy Data Protection Officer, in accordance with GDPR, to ensure that following an internal investigation data breaches are reported to the ICO where necessary. The posts of Data Protection Officer and Deputy Data Protection Officer are currently undertaken by the Director of Central Services & Deputy Chief Executive, and the Head of Legal & Democratic Services.
Ensuring corruption and misuse of power are dealt with effectively	The Council takes corruption and misuse of power very seriously. The Council has an anti-fraud and corruption strategy and a whistleblowing policy in place. In addition, the Council has a Joint Standards Committee and Code of Conduct for Members which investigates complaints against members (both at Borough and Parish level). The Council's Monitoring Officer and Deputy Monitoring Officer are responsible for ensuring that the Council acts in accordance with the law. All staff are required to confirm their acceptance of all policies, including the anti-fraud and corruption and whistleblowing policies through netConsent. Such policies are ultimately enforceable through disciplinary measures. Internal audit also carry out programmed audits on matters such as corporate crime.
2. Ensuring openness and comprehensive stakeholder engagement	
2.1 Openness	
Ensuring an open culture through demonstrating, documenting and communicating the organization's commitment to openness	The Council follows both the mandatory and (where cost effective) recommended provisions of the Local Government Transparency Code for publication of information held by the Council, and has a detailed scheme of publication under the Freedom of Information Act. In addition, in

	relation to certain decisions made at officer level, the Council has implemented the requirements of the Openness in Local Government Regulations 2014.
Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	The Council has an adopted and published a Corporate Strategy for 2023-2027 which sets out the Council's vision for a 4-year period. It emphasises the three key values of innovation, transformation and delivery and is supplemented by a Corporate Strategy Action Plan and Key Performance Indicators. The Council's Constitution sets out clearly the decision- making powers of: • The Council • The Cabinet (including the Executive Leader and delegated decision-making to the Cabinet Portfolio Holders), • Other Council committees; and • powers delegated to officers and the limits of such delegation The Overview and Scrutiny Committee and the Scrutiny Select Committees are responsible for reviewing and scrutinizing decisions made by and performance of the cabinet, committees and officers. Decisions made by cabinet, committee or a cabinet member can be subjected to scrutiny via a call-in procedure allowing challenge within five working days of the decision being taken. Feedback from the Overview and Scrutiny Committee/ Scrutiny Select Committees, Cabinet, and other Committees is taken into account and given due consideration in the decision-making process. Forthcoming key decisions are published in advance at regular intervals. All Member meetings held by the Council are open to the public, unless the items being discussed are considered to be private under the Local Government Act 1972; these may include staffing and legal matters and those of a contractual nature. Where such an exemption applies, it is recorded in the relevant report and minute.
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course,	Reports to members set out all relevant considerations in order to ensure that any decision taken is rational and lawful. In addition, reports of certain officer level decisions are required to be published under

ensuring that the impact and consequences of those decisions are clear.	the Openness in Local Government Regulations 2014.
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.	The Council carries out consultation where this is a legal requirement.
2.2. Engaging comprehensively with institutional stakeholders	
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are successfully achieved and sustainably.	The Council's Corporate Strategy 2023-2027outlines the means by which local stakeholders (including institutional stakeholders) will be engaged and how constructive, challenging relationships will be built. The Council has Committees with cross-party representation to ensure effective and robust discussion of issues. The Council has a Parish Partnership Panel, the Tonbridge Community Forum and a Joint Transportation Board which ensure that the Council can effectively engage with external stakeholders, including institutional stakeholders such as Parish Councils and the County Council. The Council also has an Overview and Scrutiny Committee and three Scrutiny Select Committees to scrutinise decisions made (or which are due to be made) by Cabinet, and which has the ability to make recommendations (which could include recommendations on stakeholder engagement) to Cabinet.
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	The Council seeks to utilise Shared Service and Joint Working arrangements (where appropriate) which are intended to share resources with neighbouring authorities where these will improve efficiency and economic sustainability. Outside of such formal arrangements, Council officers have access to Kent-wide service groups such as Kent Chief Executives and Kent Chief Planners which allow for joint sharing of good practice and knowhow.
Ensuring that partnerships are built on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	The informal Kent-wide service groups enable relationships to be built with other Kent authorities such that as and when partnership arrangements such as joint working are carried out, they are based on each organisations knowledge and trust of the other.

2.3 Engaging with individual citizens and services users effectively.	
Establishing a clear policy on the type of issues that the organization will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	The Council is clear that it is ultimately accountable to the citizens of Tonbridge & Malling. The Council has a good understanding of who lives, works and plays in the borough and has mechanisms to listen to and respond to their needs, aspirations and concerns. All consultations are published on the Council's website. When considering consultation responses, the Council's decision considers the merit of the responses being made, regardless of the nature of the stakeholder group. The Council carries out consultation when legally required to do so. All reports and decisions include an equalities impact assessment which takes into account whether a decision would have a disproportionate impact on a certain section of society.
Ensuring communication methods are effective and that members and officers are clear about their roles with regard to community engagement	All consultations are published on the Council's website, and where legally required, are advertised in a relevant newspaper. The Council's constitution sets out the roles of members, and (in particular) cabinet members and their roles with regard to community engagement. Public-facing staff receive training relevant to their roles to ensure that their community engagement roles are clear.
Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.	The Council has taken action to develop and support effective engagement opportunities with all groups of the local community:- • The Council engages with the Parishes and unparished areas through the Parish Partnership Panel and Tonbridge Community Forum • The Council promotes the TM Youth Forum that represents the views of young people living in Tonbridge and Malling • ~~The Council supports the Tonbridge & Malling Seniors' Forum (TAMS) which promotes and the needs of the older resident.~~ • • The Council actively uses complaints received to learn and improve services, whether through the internal complaints system or via the Ombudsman. The Council has recently changed the way it handles complaints in line with the Local Government and

	- Social Care Ombudsman Code of Practice. This now means that the process has been streamlined from three stages to a two-stage process - The Council operates a petition scheme whereby matters of significant local interest can be raised for discussion at full Council.
Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.	Consultation responses are reported upon to the relevant decision making person or body where that person or body has an opportunity to consider feedback received and how best to respond to such feedback. The Council also has in place a complaints procedure.
Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	When considering consultation responses, the Council's decision considers the merit of the responses being made, regardless of the nature of the stakeholder group.
Taking account of the impact of decisions on future generations of tax payers and service users.	All reports and decisions include an equalities impact assessment which takes into account whether a decision would have a disproportionate impact on a certain section of society. All reports also include a consideration of the financial implications (both short and long term) of matters which are being recommended for a decision.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.	
3.1 Defining Outcomes	
Having a clear vision, which is a clear formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy planning and other decisions	There is a clear statement of the organisation's purpose in the Tonbridge & Malling Borough Council Corporate Strategy 2023-2027. This document sets out the key priorities for the authority and how the Council will work with a range of partners and the local communities towards achieving the objectives.
Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Committee reports all contain an assessment of risk of the options being presented for a decision. Additionally, the Audit Committee has a role in scrutinizing corporate risk. Where any decision is recommended, reports contain an analysis of the intended impact or changes for stakeholders and the timescale on which that is anticipated to happen. Decisions which may have a disproportionate impact on a certain section of society are subject to an Equalities Impact Assessment.

Delivering defined outcomes on a sustainable basis within the resources that will be available	The Council's Medium Term Financial Strategy covers both revenue and capital budgets, and it is this strategy that underpins the budget setting process for the forthcoming year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council's priorities and takes us into the future. Alongside the MTFS sits a Savings and Transformation Strategy. Its purpose, to provide structure, focus and direction in addressing the significant financial challenge that lies ahead.
Identifying and managing risks to the achievement of outcomes	The Council has arrangements in place to effectively monitor and manage risks to its business through the risk management strategy and strategic and service risk registers. Committee reports all contain an assessment of risk of the options being presented for a decision. Additionally, the Audit Committee has a role in scrutinizing corporate risk.
Managing service users' expectations effectively with regard to determining priorities and making the best use of the available resources	The Council is accountable to the citizens of Tonbridge and Malling in delivering its duties and responsibilities. The Council manages relationships with partners and consults the public through a number of mechanisms, including regular reporting to members, partnership arrangements (supported by partnership agreements) and the provisions of the Council's constitution.
3.2. Sustainable economic, social and environmental benefits.	
Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	Value for money considerations are set out in all committee reports, and the Council's external auditors have consistently found that the Council does give value for money. The social impact of decisions is considered throughout the decision-making process, including the carrying out of an Equalities Impact Assessment where it is considered that a recommendation may have a disproportionate impact on a particular section of society. Where relevant, policies are subject to Strategic Environmental Impact Assessment prior to adoption. The Council adopted a Climate Change strategy for 2020-2030. Each year we produce a new climate change action plan and progress report to help meet the goals set out in our Climate Change The in-year action plans set out

	climate change targets for the Council for that year along with timetables for implementation. All the action plans for previous years including the current year 4 of the Climate Change Action Plan for 2023/2024 are available on the council's website for public viewing.
Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.	The Corporate Strategy, together with the Medium Term Financial Strategy and supported by the Savings and Transformation Strategy set out the long term high level objectives of the Council.
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Council, Committee and Overview and Scrutiny reports set out all relevant considerations to enable members to make decisions which are appropriate and lawful.
Ensuring fair access to services	The Council has an equalities policy which seeks to ensure fair access to the Council's services by all sections of society.
4. Determining the interventions necessary to optimize the achievement of the intended outcomes	
4.1. Determining interventions.	
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks, therefore ensuring best value is achieved however services are provided.	Decision making mechanisms are set out in detail in the Council's constitution. Whether a decision is at council, cabinet or committee level it is informed by a report encompassing advice from relevant services across the Council. Where relevant, alternative options are presented within committee reports, with an assessment of the benefits and disadvantages of those options. The Council's enforcement policies will inform a decision where legal or regulatory action is an option and reports will detail the legal implications of such action.
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise	Where appropriate, the Council carries out consultation with stakeholders, which is taken into account in the decision–making process. Consultations are published on the Council's

competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	website, or where statutory rules apply to such consultation those rules are followed. In addition, the Council uses its complaints procedure to understand where services can be improved.
4.2 Planning Interventions	
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Strategic and operational plans (such as the Corporate Strategy) are reviewed on a regular basis. Feedback from consultations is taken into account in the decision-making process and reported to the relevant committee, cabinet or Council meeting. The Savings & Transformation Strategy (STS) has been prepared in order to support the achievement of the Council's Medium-Term Financial Strategy and direct resources in line with the Council's Corporate Strategy. The STS recognizes that there is no one simple solution to addressing the financial challenges, and that the Council needs to embrace transformation in a multitude of ways in order to deliver savings within an agreed timetable. The STS sets out a measured structure and framework for delivering the necessary savings through a series of themes; each theme having a deliverable target.
Engaging with internal and external stakeholders in determining how services and other courses of action should be delivered	The Corporate Strategy, medium term financial strategy and other key policies are set by cabinet or the Council following input from all service directors and the Chief Executive.
Considering and monitoring risks facing each partner when working collaboratively, including shared risks	Reports on proposals for shared services contain a risk assessment, and risks are mitigated through the shared service agreements.
Ensuring arrangements are flexible and agile so that mechanisms for delivering goods and services can be adapted to changing circumstances	The Council has an internal procurement officers' study group which meets to consider the Council's contracting arrangements. The Council's Contract Procedure Rules and standard contract terms are reviewed regularly to ensure they are up to date with current best practice. The Council has entered into a Procurement Partnership Agreement with Maidstone Borough Council & Tunbridge Wells Borough Council for the creation of a single combined Procurement Service to ensure robust advice

	and guidance is given to the council when procuring goods and services. The Council has adopted a new Procurement Strategy for 2024-2026
Establishing appropriate Key Performance Indicators as part of the planning process in order to identify how the performance of services and projects is to be measured.	Performance indicators are monitored within each service and reported to Management Team where appropriate.
Ensuring capacity exists to generate the information required to review service quality regularly	It is the responsibility of service directors and Management Team to ensure sufficient capacity exists.
Preparing budgets in accordance with objectives, strategies and the medium-term financial plan	The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets, and it is this Strategy that underpins the budget-setting process for the forthcoming year and over the strategy period. Budgetary control is undertaken on a monthly basis by services, who report known variations to Financial Services. These variations along with detailed monitoring of the Council's Salary Budget and Major Income Streams are reported to the Corporate Management Team and then onto Members via the Finance, Innovation and Property Advisory Board as part of the cycle of Councils meetings programme. The Annual Service Delivery Plan 2025/2026 provides detailed information on the key actions, milestones and performance targets that have been set for the year in paragraph 13.4 and 13.5.
Informing medium and long-term resource planning by drawing up realistic estimates for revenue and capital expenditure aimed at developing a sustainable funding strategy	The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets, and it is this Strategy that underpins the budget setting process for the forthcoming year and over the strategy period. The Strategy sets out the high level financial objectives the Council wishes to fulfil over the agreed time span. The Strategy also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council's priorities and takes us into the future. Underneath the Strategy sits detailed

	estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures. It is acknowledged that circumstances will change and for this reason the Strategy needs to, and will, be kept under regular review.
4.3 Optimising achievement of intended outcomes	
Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	The medium-term financial strategy is aligned with the Corporate Strategy. Service priorities are aligned to the Corporate Strategy.
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	The budget monitoring process considers both revenue and capital budgets. Budget for the following financial year and longer term financial planning through the MTFS takes account of the impacts for service delivery through potential changes in client base, housing need and levels. The MTFS takes into account changes in Government Funding where these are known. Where these factors are unknown these are judged by officers and shared and confirmed with Members.
Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimizing resource usage	In considering the preparation of the Budget for the current and future financial years, Chief Officers are asked to identify potential growth issues and savings for future years that can be assessed and included with the MTFS. This may include changes in demand for services, including the growth in property, and proposed changes in fees and charges.
Ensuring the achievement of "social value" through service planning and commissioning	The Council has a Social Value Policy Statement. Whilst the issues of cost and quality remain of key concern, the concept of social value means that where appropriate, the Council can seek to achieve added social benefits in its procurement processes that may otherwise not have been achieved by other means.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it	
5.1. Developing the entity's capacity	
Improving resource use through appropriate application of techniques such as benchmarking and other options to	The Council works towards improving value for money through: • Exploration of innovative ways of

determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	working including potential for joint-working and shared services • Robust budgeting and financial monitoring arrangements including detailed reviews of budgets and potential savings opportunities • Internal and external audit • Publication of annual budget and accounts information
Recognizing the benefits of partnerships and collaborative working where added value can be achieved	The Council works in partnerships with other authorities in Kent. A commitment to working in partnership is one of the Council's stated Corporate Objectives.
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	The Council has an extensive training programme for council officers including mandatory and voluntary training. The Council actively engages with its staff through: • Team meetings • Regular performance management meetings • The Joint Employee Consultative Committee The HR Strategy incorporates the Council's Workforce Development Plan The Council's digital strategy seeks to develop solutions which will increase the efficiency of the Council's resources.
5.2. Developing the capability of the entity's leadership and other individuals.	
Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	The Council examines the capability of its people with governance responsibilities through appraisals, identifying any training gaps – the relevant training programmes are updated accordingly. The Cabinet and Overview and Scrutiny Committee have developed a Cabinet/ Scrutiny protocol which sets out their respective roles.
Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	The Council's constitution sets out clearly the decision-making powers of the Council and its bodies and officers.

Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for the other's authority	The roles of the Leader of the Council and Chief Executive are clearly defined in the Council's Constitution.
Developing the capabilities of members and senior management to achieve effective leadership and to enable the organization to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.	The Council has a training programme for Members and holds regular training sessions (both on a programmed and ad hoc basis) for Members on a variety of topics: • Induction training for all new members • Service-specific training, e.g. Community Safety • Committee-specific training, e.g. Audit Committee, Planning Committee, Joint Standards Committee
Ensuring that there are structures in place to encourage public participation	Consultations are published on the Council's websites. In relation to decisions taken by the Council on planning matters, and certain matters under the Licensing Act 2003, members of the public are able to make both written and oral representations to the committee. The Council also operates a petition scheme.
Holding staff to account through regular performance reviews which take account of training or development needs	Staff have access to appropriate induction training, and ongoing training on both an ad hoc and programmed basis relevant to their roles. The annual appraisal process reviews staff performance and also identifies training needs. Staff training takes place both through internal and external provision as appropriate.
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	The council has a Health and Wellbeing statement of intent recognizing that the Council's staff are its most valuable asset. The HR Strategy also recognizes the same. The Council has a Joint Employee Consultative Committee which enables employees to raise matters of concern, including health and wellbeing.
6. Managing risks and performance through robust internal control and strong public financial management	
6.1. Managing risk	

Recognizing that risk management is an integral part of all activities and must be considered in all aspects of decision making	Risk management practices are embedded within the organisation through the annual service and strategic planning processes, which is used to develop the Council's vision and objectives. This ensures that risks to the achievement of the Council's objectives are identified and managed appropriately. Risks identified are scored on the basis of their likelihood and impact and existing controls and required actions to further mitigate risks are captured in risk registers. The framework sets out the responsibility of Officers leading on areas with partnership arrangements to ensure that the partner has an adequate risk management strategy and sufficient insurance cover to protect the interests of the Council.
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	The Council has arrangements in place to effectively monitor and manage risks to its business through the: • Risk Management Strategy • Strategic Risk Register • Service Risk Registers • Audit Committee role in scrutinising corporate risk • Consideration of risk in all Committee reports • Annual Governance Statement The strategic and service risk registers are updated regularly. Risks associated with decisions are set out on relevant committee, cabinet or council reports. The Council's standard report template requires Officers and Members to carry out a risk assessment of the action recommended in the report ensuring risk is considered in all decision-making of the authority. This assessment also covers legal, financial and value for money considerations and equality issues where relevant.
Ensuring that responsibilities for managing individual risks are clearly allocated.	The service risk registers clearly identify responsibilities for managing individual risks.
6.2. Managing performance.	
Making decisions based on relevant, clear and objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	The performance of the Council and its partners in achieving its objectives is monitored and measured by services and their respective Service Management Teams and subsequently Management Team and Members. Individual services are accountable to the Corporate Management Team for operational performance monitoring and measurement and are

	responsible for taking action to correct any adverse performance, in the first instance, as appropriate.
Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organization for which it is responsible (or for a committee system) encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	The overview and scrutiny committee and the three Scrutiny Select Committees ("SSCs") are responsible for reviewing and scrutinizing the decisions made (or due to be made) by cabinet members and by Cabinet collectively. The Overview and Scrutiny Committee and SSCs are also responsible for reviewing the performance of the Cabinet, Cabinet members, and Council Officers. Decisions made by Cabinet or by a Cabinet Member can be subjected to scrutiny via a call-in procedure allowing challenge within 5 working days of the decision being taken.
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	The Council has in place committees & Panels with cross-party representation to ensure effective and robust discussion of issues. Relevant committees and the executive are provided with information reports on a regular basis to provide progress reports on service delivery and outcomes. An Annual Service Delivery Plan for 2025/2026 has been approved to strengthen the links between the Corporate Strategy 2023-27 and the activities of the Borough Council . This Plan sets out priority actions for the year.
Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)	The medium-term financial strategy is aligned with the Corporate Strategy. Service priorities are aligned to the Corporate Strategy, which ensures consistency between budget-setting and service delivery. Capital schemes are subject to evaluation prior to the approval for implementation; the criteria of the evaluations are set by Council. Following the scheme's completion a post implementation review will be prepared and shared with members in order to determine the accuracy of the initial evaluation and identify

	lessons to be learned and considered in future evaluations.
6.3 Robust internal control	
Ensuring effective counter-fraud and anti-corruption measures are in place	The Council has an effective Internal Audit service and Anti-Fraud service in place. The Council also has an Anti-Fraud and Corruption Policy and Whistleblowing Policy.
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	The Council has in place arrangements to effectively monitor and manage risks to its business through the: • Risk management strategy • Strategic risk register • Service risk registers
Establishing an audit committee or equivalent group/function which is independent of the executive and accountable to the governing body	The core functions of an audit committee as defined by *CIPFA's Audit Committees: Practical Guidance for Local Authorities* are fulfilled by the Council's Audit Committee. The Council's Constitution sets out the responsibility of the Audit Committee to provide independent assurance of the adequacy of the risk management framework and associated control environment. To do so, the Audit Committee has adopted a Risk Management Strategy that sets out the roles of Officers and Members in the identification and minimisation of risk. The Risk Register is a standing item at every Audit Committee meeting.
6.4 Managing Data	
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	The Council maintains a number of local policies which support and embed information processes. These include • Data Protection policy • Information Security policy • Data Retention policy • Data transfer & removable media policy • Mobile device security policy • Information media disposal policy • Information Asset register • Information Governance Policy The Council has a Data Protection Officer, appointed in accordance with GDPR, with overall responsibility for ensuring the Council follows proper data protection practices. The DPO chairs the Council's Information Governance Group ("IGG") which meets regularly to discuss data protection and related matters within the Council, including data breaches.

	Individual services have representatives appointed to sit on the IGG and feed back into their services to raise and maintain awareness of the requirements of GDPR.
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	The Council is a signatory to the Kent & Medway Information Sharing Agreement, which prescribes the procedures that are to be followed when sharing data with other public sector bodies in Kent. The Data Protection Officer, or his appointed Deputy, attend the Kent & Medway Information Sharing Partnership, which seeks to share best practice under GDPR across all Kent authorities.
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	An annual risk-based Internal Audit Plan is prepared to determine the priorities of the internal audit activity, consistent with the organisation's goals. The Plan aims to ensure that sufficient audit assurance work is carried out to enable the Chief Audit Executive to deliver an opinion regarding the adequacy and effectiveness of the internal control arrangements within the Council. Each audit review will cover data quality and accuracy relevant to the subject area.
6.5 Strong public financial management	
Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	The Council's Financial Procedure Rules support the provision of high quality financial advice. The Council also acts in consultation with stakeholders. The Council's Internal Audit Service provides assurance on the quality of financial and performance data reported. The ongoing budget-setting and monitoring process together with the Medium Term Financial Strategy supports the long-term achievement of outcomes and short-term financial and operational performance.
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Annual budgets are set with involvement from budget holders across all council services. The MTFS is set considering longer-term risks.
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
7.1 Implementing good practice in transparency	
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	The Council has implemented the mandatory and (where cost effective) recommended principles set out in the Local Government Transparency Code. The Council has set up a steering group which meets to discuss changes to the code and its ongoing implementation.

	Reports for both historic and prospective meetings of the Council and its committees and boards are made available to the public through the Council's website. Where possible, reports are written in a public-facing and non-technical manner. All reports (save those which are exempt from publication for reasons set out in the Local Government Act 1972) are made public and can be accessed through the Council's website.
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Where possible, reports are written in a public-facing and non-technical manner. All reports (save those which are exempt as discussed above) are made public and can be accessed through the Council's website.
7.2 Implementing good practice in reporting	
Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way	Annual Statement of Accounts report the Council's financial performance against the original estimate set for that financial year. The statement is prepared in accordance with the CIPFA Code for Local Authority Accounting. Included within the financial statements will be a judgement from the Council's external auditors on value for money and adequate use of resources. Included within the financial statements is the Annual Governance Statement. This is approved by Members and signed by the Chief Executive and Leader of the Council and provides evidence on the Council's adherence to the Code of Corporate Governance.
Ensuring members and senior management own the results reported	The Annual Governance Statement is approved by the leader and Chief Executive, and the financial statements are considered and approved by Management Team and the Audit Committee.
Ensuring robust arrangements for assessing the extent to which the principles contained in the framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)	Compliance is reviewed on an annual basis and reported to Audit Committee.

Ensuring that the framework is applied to jointly managed or shared service organisations as appropriate	Where appropriate, the principles will be applied to jointly managed or shared services.
Ensuring that performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparisons with other, similar, organisations.	Performance information is included as part of the budget-setting process.
7.3 Assurance and effective accountability	
Ensuring that recommendations for corrective action made by external audit are acted upon	Responsibility for acting upon recommendations from external audit rests with the relevant service, and is monitored through individual service management teams and the corporate management team.
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	The Council has an effective internal audit service, and an Audit Committee.
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	The Council takes an active part in Peer Reviews, there was a Local Government Association ~~n LGA~~ Peer Review Challenge in 2022. The Council has implemented the majority of recommendations arising from that exercise, with the remaining recommendations in progress. There is a Planning Advisory Service peer review provisionally due to take place from 16-18th September 2025 of the Planning Service at TMBC
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Risks are picked up through the contract monitoring process and reported through Audit Committee. Service delivery and performance can be scrutinised through Overview and Scrutiny Committee or the relevant Scrutiny Select Committee
Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognized and met	Such arrangements are subject to public reports to each authority in the partnership. The Contracts Procedure Rules also ensure that standard contract terms are imposed ensuring proper accountability.

Audit Committee

21 July 2025

Part 1 - Public

Recommendation to Council

Cabinet Member	Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton – Director of Finance and Transformation
Report Author	Donna Riley – Principal Accountant

Treasury Management Performance Update and Annual Report for 2024/25

1 Summary and Purpose of Report

1.1 The report provides details of investments undertaken during April and May of the current financial year, and the Treasury Management outturn position for 2024/25.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 Prudent financial management of Council's investments will generate a yield to assist with the Council's overall budget objectives.

3 Recommendations

3.1 Members are asked to **RECOMMEND** that Council:

- Endorse the action taken by officers in respect of Treasury Management activity for April to May 2025.
- Note the 2024/25 outturn position.
- Note the current position in respect of Lothbury, and Hermes Property Investment Funds.

4 Introduction and Background

4.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

4.2 Following the Treasury Management training provided to Members in 2023 the Chairman expressed an interest in externally managed funds being presented to the Committee.

4.3 Kelly Watson, Head of Local Government Relationships from CCLA attended Audit Committee in July 2023 and again in September 2024, presenting the LAPF Portfolio which included the fund performance and the sustainable investment outcomes.

5 Investment Performance

5.1 In accordance with the CIPFA Code, the Council's priorities, in order of importance, are to ensure security of capital; liquidity; and having satisfied both, to obtain an appropriate level of return which is consistent with the Council's risk appetite.

5.2 The Council's investments are derived from cash flow surpluses, core cash balances and other long term cash balances.

5.3 Cash flow surpluses are available on a temporary basis and the amount mainly dependent on the timing of council tax and business rates collected and their payment to precept authorities and government. Less significant cash flows relate to receipt of grants, payments to housing benefit recipients, suppliers and staff. Cash flow surpluses build up during a financial year and are spent by financial year end.

5.4 The Authority also holds core cash balances. These funds are for the most part available to invest for more than one year, albeit a proportion is usually transferred to cash flow towards the end of the financial year to top-up daily cash balances. Core cash includes the Council's capital and revenue reserves which are being consumed over time to meet capital expenditure and 'buy time' to enable the authority to deliver its revenue savings targets.

5.5 Long and medium term investments are expected to be held anywhere upward of 5 years and is anticipated to be held in perpetuity to provide steady investment income and capital growth.

5.6 A full list of investments held on 30 May 2025 is provided at **[Annex 1]** and a copy of our lending list of 30 May 2025 is provided at **[Annex 2]**. The table below provides a summary of funds invested and income earned at the end of May 2025.

	Funds invested on 31 May 2025 £m	Average duration to maturity Days	Weighted average rate of return 1 April to 31 May 2025 %	SONIA benchmark May 2025 %	Interest / dividends earned 1 April to 31 May 2025 £	Gross annualised return %
Cash flow	18.72	6	4.30	4.22	180,330	4.45
Core cash	30.17	97	4.65	4.19	241,840	4.72
Long term	3.00				28,730	4.61
Long term (LPT)	0.72				1,715	--
Medium term	4.25				36,460	5.13
Total	**56.86**				**489,075**	**--**

Table 1

Property funds pay dividends quarterly. The return quoted above is based on dividends expected for April and May 2025.

5.7 **Cash flow and core cash investments**. Interest earned of £422,170 from surplus cash flow and core cash balances to the end of May 2025 is a positive variance of £60,170 when compared to the original estimate for the same period. This positive variance is primarily driven by the slower-than-anticipated reduction in the Bank Rate, which has resulted in sustained higher interest yields on deposits.

5.8 Market sentiment around potential rate cuts is increasingly reflected in the investment opportunities currently being offered by financial institutions. Meanwhile, money market funds continue to yield near the bank rate level, providing investors with a low risk, enhanced liquidity option.

5.9 The Council takes advantage of MUFG's (formerly Link Asset Services) benchmarking service which enables performance to be gauged against MUFG's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 31 March 2025 the Council's return was 4.67% (purple diamond) in-line with the local benchmarking group average of 4.56%. MUFG's predicted return is between the upper and lower boundary indicated by the diagonal lines. The Council's risk exposure remains consistent with the local authority average.

5.10 **Long term investment.** £5m was invested in property investment funds, spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time.

5.11 During the period 1 April 2025 to 31 May 2025, the £3m investment in property funds are estimated to generated dividends of £28,730 which represents an annualised return of 4.61% (3.92% in 2024/25).

5.12 Of the initial £2m invested in Lothbury Property Fund, due to the sales of assets and the return of capital monies, the outstanding balance is £723,480. While unbudgeted dividends are being received, it is on an ad-hoc basis. Further information is set out in paragraphs 5.17 to 5.19.

5.13 The long-term investment figure set out in table 2 concentrates on the LAPF and Hermes Property Funds. Lothbury Property Fund is shown separately in table 3 to provide details of the repayment of capital investment from the sale of assets due to the termination of the Fund on 30 May 2024.

5.14 Sale values at the end of May 2025 vs initial purchase prices are as follows:

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price a £	Sale value at date of purchase b £	Sale value 31 May 2025 c £	31 May sale value above (below) purchase price (c-a) £
LAPF (Primary, July 2017)	1,000,000	922,200	896,430	(103,570)
Hermes (Secondary, Oct 2017)	1,000,000	939,000	900,575	(99,425)
LAPF (Primary, June 2018)	1,000,000	922,200	859,495	(140,505)
Total change in principal	**3,000,000**	**2,783,400**	**2,656,500**	**(343,500)**
			Total dividends received to March 2025	**855,136**
Table 2			**Net benefit since inception**	**511,636**

5.15 Since inception, the Council have received dividends from the above property fund investments totalling £855,136.

5.16 Investment institutes continue to diversify their portfolios to optimise returns while considering prevailing market conditions. Between April and May 2025, all property fund investments recorded capital depreciation. Despite this, property funds have continued to distribute dividends, with an estimated £30,045 to be received for the first two months of the financial year.

5.17 Lothbury Property Fund officially terminated on 30 May 2024 and commenced the sale of assets.

5.18 As shown in Table 3 below, we have, to date, received five payments totalling £1,276,520 of our initial investment. The remaining assets are now expected to be sold by July 2025. Distributions will be made as assets sales are completed, with additional dividends paid from income-generating assets.

5.19 Taking into account the dividends received since the fund's inception, the breakeven point would be achieved with the recovery of £342,725 from the outstanding assets.

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price a £	Sale value at date of purchase b £	Principal Investment Returned c £	Principal Investment Balance Outstanding £
Lothbury Property Trust	2,000,000	1,900,700	1,276,520	(723,480)
			Total dividends received to May 2025	**380,755**
Table 3			**Net balance to breakeven point**	**(342,725)**

5.20 On 13 February 2025, Hermes Property Trust held an Extraordinary General Meeting (EGM) following a redemption request for approximately 22% of the fund. The meeting included a vote on proceeding with potential merger options, which required 75% approval to pass. The resolution was successful, and discussions are now moving forward.

5.21 However, it has been announced that small-value investments will not be eligible to form part of the merger. As a result, the Council, along with many other smaller stakeholders, will have their shares realised and paid out upon the successful completion of the merger.

5.22 Members are reminded that higher yielding investments (e.g. property, equities) have the potential to fluctuate in value, both up and down. It is this feature which makes them unsuitable for short term investment where certainty over value at maturity is a key criteria. The Council's property fund investments are not required to meet day to day spending commitments and will only be realised should a higher yielding opportunity be identified.

5.23 **Medium term investment**. £4.25m of the Council's expected medium term cash balances together with new money derived from the sale of assets has been invested in externally managed diversified income funds. These investments will generate an annual income stream and will provide capital appreciation over time.

5.24 During the period April 2025 to May 2025 the £4.25m investment in multi asset funds generated dividends of £36,460 which represents an annualised return of 5.13%.

6 Compliance with the Annual Investment Strategy

6.1 Throughout April to end of May 2025, all the requirements contained in the 2025/26 Annual Investment Strategy intended to limit the Council's exposure to investment risks (minimum sovereign and counterparty credit rating; durational limits; exposure limits in respect of counterparties, groups of related counterparty and sovereigns; and specified and non-specified investment limits) have been complied with. No borrowing was undertaken during April or May 2025.

6.2 The Council has also operated within the treasury limits and prudential indicators set out in the Annual Investment Strategy. The 2025/26 Prudential and Treasury Indicators will be included for review as part of the treasury management report to the September 2025 meeting of Audit Committee.

7 Interest Rate Forecast

7.1 MUFG’s latest interest rate forecast below, updated in February 2025 and reviewed following the Bank of England’s Monetary Policy Committee (MPC) meeting in May 2025, reflects an unchanged position in the forecast.

The forecast projects Bank Rate will continue to see a managed reduction to rates over the next two years, settling at 3.50%.

Link - February 2025	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
	%	%	%	%	%	%	%	%	%	%	%
Bank Rate	**4.50**	**4.25**	**4.25**	**4.00**	**3.75**	**3.75**	**3.75**	**3.50**	**3.50**	**3.50**	**3.50**
3 mth ave earnings	**4.50**	**4.30**	**4.30**	**4.00**	**3.80**	**3.80**	**3.50**	**3.50**	**3.50**	**3.50**	**3.50**
6 mth ave earnings	**4.40**	**4.20**	**3.90**	**3.90**	**3.70**	**3.70**	**3.50**	**3.50**	**3.50**	**3.50**	**3.50**
12 mth ave earnings	**4.40**	**4.20**	**3.90**	**3.90**	**3.70**	**3.70**	**3.50**	**3.50**	**3.50**	**3.50**	**3.50**
25yr PWLB	**5.80**	**5.70**	**5.50**	**5.50**	**5.40**	**5.30**	**5.20**	**5.10**	**5.00**	**5.00**	**4.90**

Table 4

8 Economic Background

8.1 CPI inflation is projected to rise to around 3.5% over the coming months, reflecting ongoing pressures in certain sectors such as services and domestically driven costs. However, the inflation trajectory beyond the short-term is likely to fall below the BoE’s 2% target by 2027, or earlier if the macroeconomic developments, such as the strengthening of the pound and declines in global energy prices, are sustained.

8.2 The front-loading of UK goods exports to the United States in Q1, in anticipation of the incoming US tariffs, likely unwound in April, contributing to a temporary dip in export volumes and despite the continued uncertainly following Liberation Day, analysist broadly expect the tariffs to have only a modest impact on overall UK economic activity.

8.3 While the situation in the Middle East remains fluid, the economic ramifications are being monitored closely by markets, policymakers, and international institutions. The key channels of impact include energy markets, inflation, financial market volatility and regional economic stability.

9 2024/25 Treasury Management Outturn

9.1 A detailed report covering treasury management activity for the last financial year was submitted to Cabinet on 30 June 2025 as an annex to the Revenue and Capital Outturn report for 2024/25. That annex is replicated in full and provided at **[Annex 4]** to this report. The role of this Committee is to act as scrutineer on behalf of full Council.

9.2 A summary of the investment performance included in Annex 4 is as follows:

	2024/25 Balance 31/03/2025 £ m	Return %	2024/25 Interest/ dividends earned £	2024/25 Revised Estimate £	Variance Better (worse) £
Cash flow surplus	18.9	4.52	1,396,112	965,000	431,112
Core cash	27.0	4.76	1,572,085	1,730,000	(157,915)
Medium term investment	4.3	4.92	209,630	148,750	60,880
Long term investment	3.7	3.92	146,527	105,000	41,527
Total	53.9	4.80	3,324,354	2,948,750	375,604

Table 5

9.3 The combined performance of the Authority's investments exceeded the revised estimate by £375,604, and £846,854 when compared to the 2024/25 original estimates. The increase in investment returns is mainly due to the Bank initiating its easing cycle and reducing the rates at a slower pace than anticipated in 2024/25.

9.4 Income and expenditure attributed to the Treasury Management function for 2024/25 is provided at **[Annex 5]**. This shows the aggregate staff resource applied to treasury management remains less than one full time equivalent and that income exceeds costs by a significant margin. Income in future years forms part of the Council's Medium Term Financial Strategy and is subject to changes in the level of reserves and changes in Bank Rate. Expenditure in future years is expected to rise in-line with inflation.

10 Financial and Value for Money Considerations

10.1 **Short-Term Liquidity**: Ensuring sufficient cash is readily available to meet operational and unforeseen financial commitments.

10.2 **Longer-Term Investments**: Identifying opportunities to invest surplus cash (up to 1 year) at fixed higher rates before further interest rate reductions diminish returns.

10.3 The annual income stream from a property fund exhibits stability (circa 4% per annum net of management fees) capital values rise and fall with the cyclical nature of economic activity. During a downturn in the economy, capital values may fall significantly. The duration of a property fund investment may need to be extended to avoid crystalising a loss and as a consequence the investment's duration cannot be determined with certainty.

10.4 Buying and selling property involves significant costs making property unsuitable for short term investment. Buying and selling costs are reflected in the entry fees (circa 6%) and exit fees (circa 2%) a property fund will charge unit holders. These fees are expected to be recouped over time through capital appreciation.

10.5 Diversified income funds aim to limit risk by spreading investment across a broad range of asset classes (equities, bonds, property and cash). Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events. Short term bond values are linked to interest rate expectations and long-term bond values are linked to inflation expectations. Funds aim to minimise the risk of issuer default by investing in a broad spread of issuers and across different sectors and geographic regions. Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events.

10.6 **Diversification**: Allocating funds across a range of investment vehicles to mitigate risk while maximising returns.

10.7 **Market Monitoring**: Regularly assessing economic conditions and interest rate forecasts to make informed investment decisions.

10.8 By adopting a proactive approach, the Council aims to optimise returns on its cash holdings while maintaining financial stability.

10.9 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via MUFG's (formerly Link Asset Services) benchmarking service.

11 Risk Assessment

11.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity, as identified by the CIPFA Code is considered to be an effective way of mitigating the risks associated with treasury management.

11.2 MUFG (formerly Link Asset Services) are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities (balance sheet reviews, benchmarking and general support) ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.

12 Legal Implications

12.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. In addition, MUFG (formerly Link Asset Services) are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

12.2 This report fulfils the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice 2021 and the 2018 Statutory Guidance on Local Government Investments.

13 Cross Cutting Issues

13.1 Climate Change and Biodiversity

13.2 While the Treasury Management Code outlines the principle for investments as Security Liquidity and Yield is core, it recognises that ESG issues are increasingly significant for investors.

13.3 Consideration will be given to how we can formalise ESG as part of the Treasury Management Strategy Statement, while appreciating it is better developed in the equity and bond markets, than the short-term cash deposits, where the majority of the Council's portfolio is held.

13.4 Equalities and Diversity

13.5 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	Benchmarking data.
Annexes:	(1) TMBC Investment Summary May 2025 (2) TMBC Lending List May 2025 (3) TMBC Benchmarking March 2025 (4) TMBC Treasury Management Annual Report 2024/25 (5) TMBC Finance & Transformation Outturn 2024/25

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Annex 1

Tonbridge and Malling Borough Council - Investment summary 30 May 2025

Counterparty / type of investment	Sovereign	Fitch long term	Fitch short term	Link suggested post CDS duration limit	Investment: Start date	End date	Duration at start	Amount invested £	Return %	Proportion of total %	Cash Flow surpluses £	Core Cash balances £	Medium term investment balances £	Long term investment balances £
Banks, Building Societies & Other Financials														
Barclays Bank :	UK	A+	F1	6 months				**3,000,000**		5.28%				
95 day notice account					23/07/2019	TBD	95 Days	3,000,000	4.30			3,000,000		
Goldman Sachs :	UK	A+	F1	6 months				**6,000,000**		10.56%				
Fixed Term Deposit					15/05/2025	15/11/2025	6 months	3,000,000	4.27			3,000,000		
Fixed Term Deposit					06/11/2025	06/08/2025	9 Months	3,000,000	4.72			3,000,000		
Handelbanken :	UK	AA	F1+	1 year				**3,177,095**		5.59%				
Fixed term deposit					17/04/2025	17/07/2025	3 months	3,177,095	4.30			3,177,095		
HSBC Bank :	UK	AA-	F1+	1 year				**3,000,000**		5.28%				
31 day notice account					02/12/2019	TBD	31 Days	3,000,000	4.25		3,000,000			
National Westminster Bank :	UK	A+	F1	1 year				**6,050,000**		10.65%				
Deposit account					30/05/2025	02/06/2025	Overnight	50,000	3.00		50,000			
Certificate of Deposit					20/06/2024	20/06/2025	1 Year	3,000,000	5.15			3,000,000		
Certificate of Deposit					06/08/2024	05/08/2025	1 Year	3,000,000	4.62			3,000,000		
Rabobank :	Netherlands	A+	F1	1 year				**6,000,000**		10.56%				
Certificate of Deposit					23/07/2024	22/07/2025	12 months	3,000,000	5.13			3,000,000		
Certificate of Deposit					06/11/2024	05/11/2025	12 months	3,000,000	4.69			3,000,000		
Standard Chartered :	Netherlands	A+	F1	1 year				**3,000,000**		5.28%				
Sustainable Fixed Term Deposit					14/11/2024	13/11/2025	12 months	3,000,000	4.72			3,000,000		
Toronto Dominion Bank :	Canada	AA-	F1+	1 year				**3,000,000**		5.28%				
Certificate of Deposit					04/10/2024	03/10/2025	1 year	3,000,000	4.59			3,000,000		
Money Market Funds														
Blackrock MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	30/05/2025	02/06/2025	Overnight	**0**	4.29		-			
BNP Paribas MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	30/05/2025	02/06/2025	Overnight	**4,254,000**	4.30	7.49%	4,254,000			
CCLA PSDF MMF - shares/units held	N/A	AAA	mmf	5 years	30/05/2025	02/06/2025	Overnight	**1,869,000**	4.32	3.29%	1,869,000			
DWS Deutsche MMF - shares/units held	N/A	AAA	mmf	5 years	30/05/2025	02/06/2025	Overnight	**1,552,000**	4.32	2.73%	1,552,000			
Federated MMF - shares/units held	N/A	AAA	mmf	5 years	30/05/2025	02/06/2025	Overnight	**8,000,000**	4.33	14.08%	8,000,000			
Morgan Stanley MMF - shares/units held	N/A	AAA	mmf	5 years	30/05/2025	02/06/2025	Overnight	**0**	4.29		-			
Property Funds														
Hermes Property Unit Trust :	N/A	N/A	N/A	N/A				**1,000,000**		1.76%				
Property fund units					29/09/2017	N/A	N/A	1,000,000	3.63					1,000,000
Local Authorities' Property Fund :	N/A	N/A	N/A	N/A				**2,000,000**		3.52%				
Property fund units					29/06/2017	N/A	N/A	1,000,000	4.34					1,000,000
Property fund units					30/05/2018	N/A	N/A	1,000,000	5.83					1,000,000
Lothbury Property Trust :	N/A	N/A	N/A	N/A				**675,761**		1.19%				
Property fund units					06/07/2017	N/A	N/A							-
Property fund units					02/07/2018	N/A	N/A	675,761	2.88					675,761
Multi Asset Funds														
Aegon	N/A	N/A	N/A	N/A				**1,750,000**		3.08%				
Multi Asset fund units					29/07/2021	N/A	N/A	1,750,000					1,750,000	
Fidelity	N/A	N/A	N/A	N/A				**1,000,000**		1.76%				
Multi Asset fund units					12/08/2021	N/A	N/A	1,000,000					1,000,000	
Ninety One	N/A	N/A	N/A	N/A				**1,500,000**		2.64%				
Multi Asset fund units					12/08/2021	N/A	N/A	1,500,000					1,500,000	
					Total invested			**56,827,856**		**100.00%**	**18,725,000**	**30,177,095**	**4,250,000**	**3,675,761**

Number of investments	26	**Average investment value £**			2,186,000
Number of counter parties	20	**Average counter party investment £**			2,841,000
Group exposures:		**Core £**	**Cash £**	**Combined £**	**%**
Royal Bank of Scotland + National Westminster (UK Nationalised MAX 20%)		6,000,000	50,000	6,050,000	10.65
Bank of Scotland + Lloyds (MAX 20%)		-	-	-	-
				£	**%**
Property Funds Total				3,675,761	6.47
Multi Asset Funds Total				4,250,000	7.48

Total non-specified investments should be less than 60% of Investment balances	13.95%

Notes:

Property fund returns are based on dividends distributed from the start of each investment. Capital appreciation / depreciation is recorded elsewhere. Last update March 2025.

End date for notice accounts to be determined (TBD)

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Tonbridge and Malling Borough Council Lending List

Checked against MUFG's "Suggested Credit List" dated 30/05/25
Minimum investment criteria is Link's green duration band (100 days). Entry point broadly equates to Fitch A-, F1 unless UK nationalised.

Counterparty	Sovereign	Sovereign rating [1]	Fitch long term	Fitch short term	UK classification	Exposure limit	Link duration based on [2] Credit ratings	Link duration based on [2] Post CDS
UK Banks, Building Societies and other Financial Institutions :								
Bank of Scotland (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Barclays Bank (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Non-RF	£7m	6 months	6 months
Barclays Bank UK (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Ring-fenced	£7m	6 months	6 months
Close Brothers Ltd	UK	AA-	BBB+	F2	Exempt	£7m	N/A	N/A
Goldman Sachs International Bank	UK	AA-	A+	F1	Exempt	£7m	6 months	6 months
Handelsbanken Plc (Group Limit with Svenska Handelsbanken AB £7m)	UK	AA-	AA	F1+	Exempt	£7m	1 year	1 year
HSBC UK Bank	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Lloyds Bank (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
National Westminster Bank (Group limit Nat West and RBS £7m).	UK	AA-	A+	F1	Ring-fenced	£7m	1 year	1 year
Santander UK	UK	AA-	A+	F1	Ring-fenced	£7m	R - 6 mths	R - 6 mths
Standard Chartered Bank	UK	AA-	A+	F1	Exempt	£7m	1 year	1 year
The Royal Bank of Scotland (Group limit Nat West and RBS £7m).	UK	AA-	A+	F1	Ring-fenced	£7m	1 year	1 year
Coventry Building Society	UK	AA-	A-	F1	Exempt	£7m	100 days	100 days
Nationwide Building Society	UK	AA-	A	F1	Exempt	£7m	6 months	6 months
Skipton Building Society	UK	AA-	A-	F1	Exempt	£7m	6 months	6 months
UK Debt Management Office including Treasury Bills	UK	AA-	n/a	n/a	n/a	No limit	5 years	5 years
UK Treasury Sovereign Bonds (Gilts)	UK	AA-	n/a	n/a	n/a	£16m/£8m	5 years	5 years
UK Local Authority (per authority)	UK	AA-	n/a	n/a	n/a	£7m	5 years	5 years
Non-UK Banks :								
Australia & New Zealand Banking Group	Australia	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Bank of Montreal	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Toronto Dominion Bank	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Royal Bank of Canada	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Nordea Bank Abp	Finland	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	A+	F1	n/a	£7m	1 year	1 year
ING Bank	Netherlands	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Development Bank of Singapore	Singapore	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Svenska Handelsbanken AB (Group Limit with Handelsbanken Plc £7m)	Sweden	AAA	AA	F1+	n/a	£7m	1 year	1 year

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires non-UK sovereigns to be rated at least AA- and the UK rated at least A-. Non-UK sovereign limit of 20% or £7m per sovereign.

[2] **All deposits overnight** unless otherwise **approved in advance** by the Director of Finance and Transformation **AND** Chief Financial Services Officer. If other than overnight duration for non-UK entities must not exceed Link's post CDS duration suggestion. For UK entities duration may be extended by up to three months **based on credit ratings alone** or six months if **CDS is below average,** subject to a maximum combined duration of 12 months.

Money Market Funds (Minimum investment criteria AAA) :

Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Blackrock Institutional Cash Series - Sterling Liquidity	AAA	-	AAA	£8m	5 years
BNP Paribas InstiCash - GBP	-	-	AAA	£8m	5 years
CCLA Public Sector Deposit Fund	-	AAA	-	£8m	5 years
DWS Deutsche Global Liquidity - Deutsche Managed Sterling	AAA	AAA	AAA	£8m	5 years
Federated Cash Management - Short Term Sterling Prime	-	AAA	AAA	£8m	5 years
Insight - Sterling Liquidity (Group limit IL & ILP of £7m)	-	AAA	AAA	£8m	5 years
Morgan Stanley Liquidity - Sterling	AAA	AAA	AAA	£8m	5 years

Enhanced Cash Funds (Minimum investment criteria AAA) :

Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Insight - Sterling Liquidity Plus (Group limit IL & ILP £7m)	-	AAA	AA+	£3.5m	5 years

Approved by Director of Finance and Transformation 30 May 2025	No change

Note: Close Brothers removed from Link's Suggested Credit List 12/02/2024. Although removed, Link have stated that the Fitch long term rating change from A- to BBB+ would have no impact on the bank's suggested duration and would remain at 6 months.

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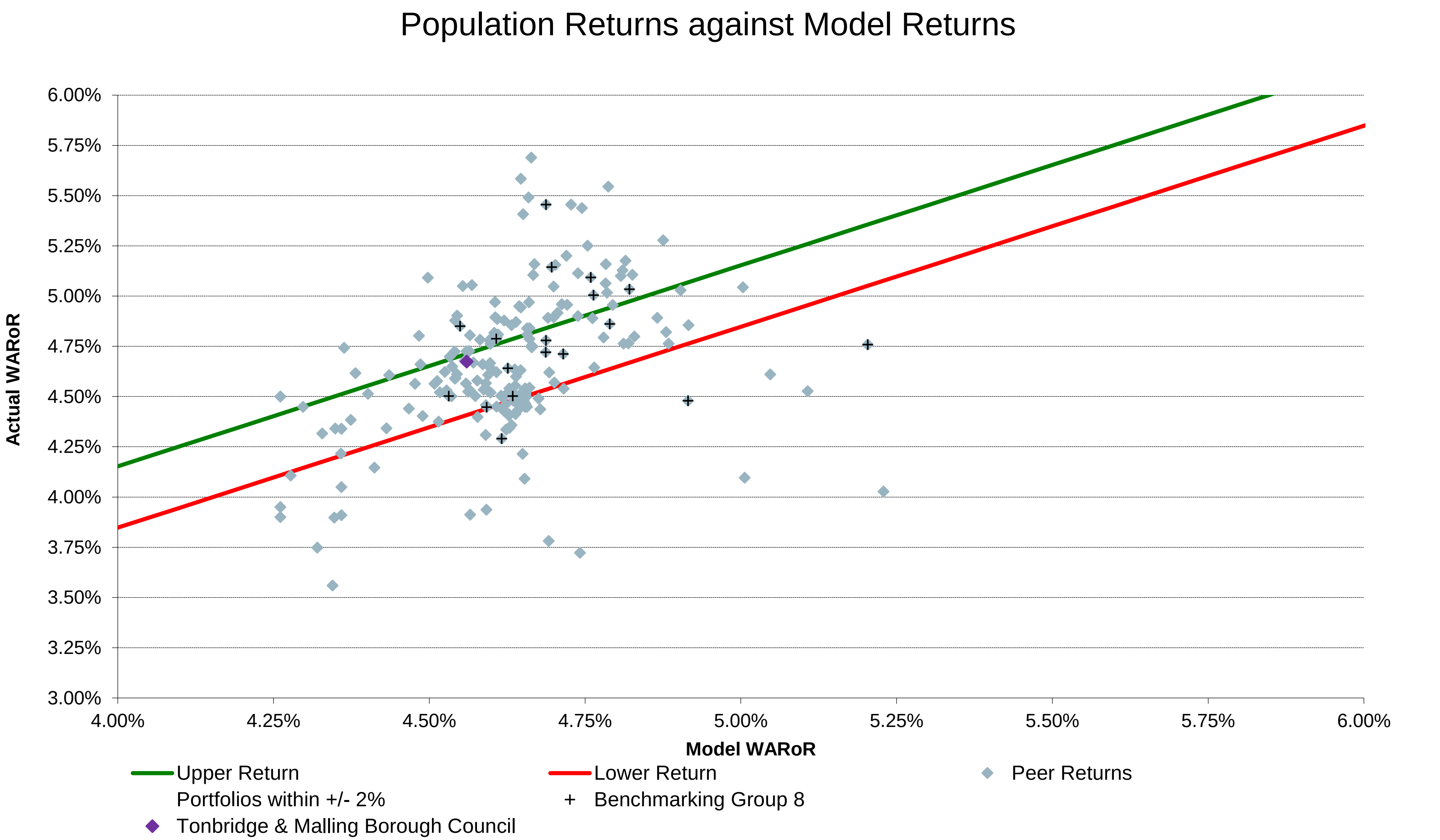
Tonbridge & Malling Borough Council



Tonbridge & Malling Borough Council	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
	4.67%	4.56%	0.11%	4.41%	4.71%	Inline

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Tonbridge and Malling Borough Council

Treasury Management Annual Report 2024/25

1.1 Introduction

1.1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activity and the actual prudential and treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

1.1.2 During 2024/25 the minimum reporting requirements were that Full Council should receive the following treasury reports:

- an annual strategy in advance of the year.
- a mid-year review; and treasury update report.
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, treasury management updates have been presented to each meeting of the Audit Committee throughout the 2024/25 financial year. Treasury performance is also included in the Financial Planning and Control reports to Cabinet and/or the Finance, Regeneration and Property Scrutiny Select Committee.

1.1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

1.1.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the Full Council. Member training on treasury management issues was undertaken during the year on the 19 June 2023 in order to support members' scrutiny role.

1.2 Treasury Position 31 March 2025

1.2.1 At the beginning and the end of 2024/25 the Council's debt and investment position was as follows:

	31 March 2024 £m	Average Rate / Return %	Average duration Days	31 March 2025 £m	Average Rate / Return %	Average duration Days
Variable rate debt:						
Overdraft	0.0	-	-	0.0	-	-
Total debt	**0.0**	-	-	**0.0**	-	-
Fixed rate investments:						
Cash flow surpluses	-	-	-	-	-	-
Core cash	32.0	5.39	158	27.0	4.76	123
Variable rate investments:						
Cash flow surpluses	10.9	5.51	9	15.9	4.52	7
Core cash	3.0	5.25	95	3.0	4.55	95
Sub-total	45.9	5.40	122	45.9	4.68	83
Medium term investments:						
Multi-Asset Income Funds	4.3	4.94	-	4.3	4.92	-
Long term investments:						
Property Funds	5.0	3.59	-	3.7	3.92	-
Total investments	**55.2**	**5.28**	-	**53.9**	**4.80**	-

Table 1

1.2.2 There has been no overall change to the total cash available for investment purposes at the end of the financial year. Funds have been transferred between core and cashflow to meet the Council's financial obligations, including the payment of Short Term Creditors. Conditional government grants paid in advance in 2024/25 have been offset by the increase in Grants and Contributions in advance held in Long Term Liabilities. These funds are used to generate additional investment income.

1.3 The Strategy for 2024/25

1.3.1 The treasury management strategy for 2024/25 was based on the November 2023 forecast and assumed bank rates would steadily decrease over the next year to 4.0% with rates reducing to 3.00% in 2025/26. In actuality, the Bank of England initiated its easing cycle by lowering interest rates from 5.25% to 5.0% in August 2024, holding the rates steady until a further reduction in November 2024 and again in February 2025, ending the year with the Bank Rate at 4.50%.

1.3.2 The slow and measured rate path reflects the MPC's dual mandate: cooling inflation and guarding against a sharper economic slowdown. Two of the prominent factors influencing the rate cuts include fiscal loosening (£36 billion) from plans unveiled by the Chancellor in the budget which led to a revised GDP growth expectation, and the easing of UK labour markets.

1.3.3 This has provided the Council with the challenge of proactively investing surplus cash while maintaining the appropriate balance between cash for liquidity purposes while pursuing opportunities to lock in deposits at favourable rates.

1.3.4 While the Council has taken a prudent approach to investing surplus funds, it is also fully aware of the regulatory changes introduced for financial institutions following the Global Financial Crisis of 2008/09. These reforms, including enhanced capital and liquidity requirements, have provided a stronger foundation for the financial sector.

1.3.5 Annual stress tests conducted by regulators offer evidence that institutions are now significantly better equipped to withstand extreme market and economic conditions.

1.4 **Investment Rates in 2024/25**

1.4.1 Investment returns remained robust throughout 2024/25 with Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and even at the end of March the yield curve was still relatively flat, which might be considered unusual as further Bank Rate cuts were expected in 2025/26.

1.4.2 Bank Rate reductions of 0.25% occurred in August, November and February, bringing the headline rate down from 5.25% to 4.5%. Each of the Bank Rate cuts occurred in the same month that the Bank of England publishes its Quarterly Monetary Policy Report, therein providing clarity over the timing of potential future rate cuts.

1.4.3 As of early April 2025, market sentiment has been heavily influenced by President Trump's wide-ranging trade tariffs policy. Commentators anticipate a growing risk of a US recession, whilst UK GDP is projected by the Office for Budget Responsibility to remain tepid, perhaps achieving 1% GDP growth in 2025/26.

1.4.4 Looking back to 2024/25, investors were able to achieve returns in excess of 5% for all periods ranging from 1 month to 12 months in the spring of 2024 but by March 2025 deposit rates were some 0.75% - 1% lower. Where liquidity requirements were not a drain on day-to-day investment choices, extending duration through the use of "laddered investments" paid off.

1.4.5 That is not to say that investment choices were straight-forward. Concerns over rising inflation after the Autumn Statement in October led to reduced expectations for Bank Rate to fall. Indeed, the CPI measure of inflation is expected to reach c3.75% by the autumn of 2025, which could provide for some presentational issues for a Bank whose primary mandate is to ensure inflation is close to 2% on a two-to-three-year timeframe. At the end of March, only two further rate cuts were priced into the market for 2025 (4% at December 2025).

1.4.6 Bank Rate and investment returns across durations of up to 12 months are depicted in the graphs below.

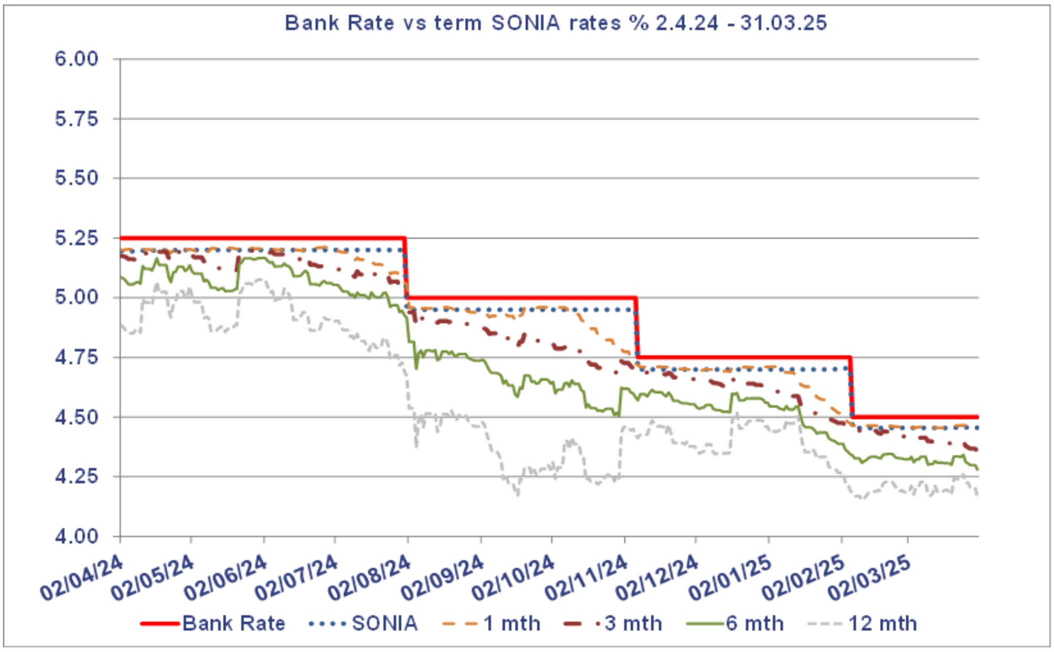

Table 2

1.5 Investment Outturn for 2024/25

1.5.1 The Council's investment policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies. This is supplemented by additional market information including credit rating outlooks and credit default swap data (CDS). The 2024/25 Annual Investment Strategy was approved by Council in February 2024 and was subjected to a mid-year review in September 2024. In undertaking the review, no changes were made to the Council's minimum counter-party credit requirement (typically Fitch A-, F1 unless UK state owned) or counter-party exposure limits (maximum of 20% of funds per financial institution). Subject to constraints, discretion to extend investment duration for UK regulated financial institutions by up to six months over the Council's external treasury advisor's suggested duration was also retained.

1.5.2 **Cash flow investment**. In 2024/25 cash flow surpluses averaged £30.7m and earned an average rate of return of 4.56%. The benchmark used to compare performance was 4.88%. Cash flow surpluses arise from the timing difference between the receipt of monies (from council tax, business rates, grants, etc.) and its subsequent payment (to Government, precepting authorities, housing benefit recipients, suppliers, staff, etc.). Cash flow surpluses are required to meet regular payment obligations and are invested in bank deposit accounts and money market funds which allow next day access. The opportunity to invest for longer durations and generate additional yield is taken when cash flow surpluses permit.

1.5.3 **Core cash investment**. In 2024/25 core cash averaged £31.1m and earned an average rate of return of 5.13%. The benchmark used to compare performance was 4.82%. Core cash comprises of the authority's revenue and capital reserves. Unlike cash flow, core cash is not required to meet regular payment obligations and is available to invest for longer durations including durations exceeding one year. This added flexibility allows core cash to generate a better return relative to cash flow surpluses.

1.5.4 **Medium-term investment**. In recent years multi asset (diversified income) funds have grown in popularity. Like property funds, multi asset funds aim to generate returns over and above inflation and thus preserve spending power.

1.5.5 The council has a total of £4.25m invested across three funds. Additional multi asset fund investments may be made in the future as resources become available from asset disposals and other windfalls.

1.5.6 In 2024/25 the investment in multi asset funds generated dividends of £209,215 which represents an annualised return of 4.92%.

1.5.7 As at 31 March 2025, the capital investment has depreciated in value by £517,950, a small increase in the position from the prior year of £29,904. The value of multi asset diversified income funds at 31 March stood at £3.73m. Members are reminded that our muti asset diversified income funds are medium term investments (5+ years) and the funds applied to them are not required to meet day to day spending commitments.

1.5.8 **Long-term investment**. Of the different types of long-term investment (equities, bonds, and commercial property), investment in property funds was considered best suited to meet the Council's more immediate funding need: a sustainable, stable income stream.

1.5.9 This does not however, preclude consideration of an alternative investment opportunity that meets the Council's strategic priorities and objectives, achieves value for money and delivers a financial return commensurate with the Council's risk appetite. Each such opportunity to be considered on a case-by-case basis as appropriate.

1.5.10 £5m was invested in property investment funds and no further sums were invested during the year. Investment was spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time.

1.5.11 Lothbury Property Fund officially terminated on 30 May 2024 and commenced the sale of assets. At the end of March 2025, five payments totalling £1,276,520 had been received from the initial £2,000,000 investment. The sale of assets has continued in 2025/26 with the expectation the fund should complete the winding up process within the financial year with final distributions being made.

1.5.12 In 2024/25 investment in property funds generated dividends of £146,527 which represents an annualised return of 3.92%.

1.5.13 Property funds issue and redeem primary units at a buy and sell price with the difference between the two prices reflecting the costs associated with buying and selling property (legal and other fees, stamp duty, etc.). The price spread varies from fund to fund but is typically in the region of 8% (6% on entry to a fund and 2% on exit). Where units are traded on a secondary market the impact of the spread can be reduced and delays in the purchase or redemption of units avoided. The table below compares the sale value of each investment if sold to the fund manager with the initial purchase price.

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price (a) £	Sale value at date of purchase (b) £	Principal recalled	Sale value March 2025 (c) £	March sale value above (below) purchase price (c-a) £
LAPF (Primary, July 2017)	1,000,000	922,200		896,075	(103,925)
Lothbury (Primary, July 2017)	1,000,000	927,700	(1,000,000)	--	--
Hermes (Secondary, Oct 2017)	1,000,000	939,000		911,840	(88,160)
LAPF (Primary, June 2018)	1,000,000	922,200	(276,520)	--	--
Lothbury (Secondary, July 2018)	1,000,000	973,000		859,155	(140,845)
Total	5,000,000	4,684,100	(1,276,520)	2,667,070	(332,930)

Table 3

1.5.14 As at 31 March 2025, the capital investment (excluding Lothbury Property Trust has depreciated in value by £332,930. Members are reminded that our property fund investments are long-term (10 years) and the funds applied to them are not required to meet day to day spending commitments.

1.5.15 **Summary**. Investment performance for the year 2024/25 is summarised in the table below:

	2024/25 Balance 31/03/2025 £ m	Return % 	2024/25 Interest/ dividends earned £	2024/25 Revised Estimate £	Variance Better (worse) £
Cash flow surplus	18.9	4.52	1,396,112	965,000	431,112
Core cash	27.0	4.76	1,572,085	1,730,000	(157,915)
Medium term investment	4.3	4.92	209,630	148,750	60,880
Long term investment	3.7	3.92	146,527	105,000	41,527
Total	53.9	4.80	3,324,354	2,948,750	375,604

Table 4

1.5.16 The overall performance of the Authority's investments bettered the revised estimates by £375,604 or £846,854 when compared to the 2024/25 original estimates.

1.6 Compliance with the Annual Investment Strategy

1.6.1 The Annual Investment Strategy aims to limit the Council's exposure to investment risks by prescribing: minimum counterparty credit criteria; maximum exposure limits in respect of sovereigns, counterparties, and groups of related counterparties; the type of investment instrument that can be used; and investment duration limits. Throughout the period April 2024 to March 2025 the requirements set out in the Annual Investment Strategy for 2024/25, as approved by Council in February 2024, were complied with. No liquidity issues were experienced resulting in nil borrowing throughout 2024/25.

1.7 Treasury and Prudential Codes of Practice

1.7.1 Updates to both the Prudential Code and Treasury Management Code were published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021 and uphold a key principle that borrowing primarily for return on investment is not permissible.

1.7.2 Also re-emphasised that the risks associated with investment in '**non-financial assets** which are held primarily for financial returns' are properly evaluated, reported, subject to scrutiny and managed over time. The Council has no material non-financial investments.

1.7.3 The requirements of both the Treasury Management and Prudential Codes of Practice published by CIPFA have been considered and reflected as appropriate in this annual review.

Financial Services
June 2025

Prudential and Treasury Indicators

1 Prudential Indicators	2023/24 Actual £'000	2024/25 Original £'000	2024/25 Actual £'000
Capital expenditure	1,070	7,283	2,886
Ratio of financing costs to net revenue stream	-9.83%	-62.40%	-24.82%
Net borrowing requirement:			
Brought forward 1 April	nil	nil	nil
Carried forward 31 March	nil	nil	nil
In year borrowing requirement	nil	nil	nil
Capital financing requirement as at 31 March	nil	nil	nil
Annual change in capital financing requirement	nil	nil	nil
Incremental impact of capital investment decisions:			
Increase in Council Tax (Band D) per Annum	£0.06	£0.06	£0.00

2 Treasury Management Indicators	2023/24 Actual £'000	2024/25 Original £'000	2024/25 Actual £'000
Authorised limit for external debt:			
Borrowing	nil	7,000	nil
Other long-term liabilities	nil	nil	nil
Total	nil	7,000	nil
Operational boundary for external debt:			
Borrowing	nil	4,000	nil
Other long-term liabilities	nil	nil	nil
Total	nil	4,000	nil
Actual external debt:	nil	nil	nil
Upper limit for fixed rate exposure over one year at year end	nil	0 – 60%	nil
Upper limit for variable rate exposure under one year at the year end	10,916 (19.50%)	40 – 100%	15,851 (29.03%)
Upper limit for total principal sums invested for over 365 days	9,250 (16.7%)	60%	7,973 (14.6%)

3 Maturity structure of new fixed rate borrowing during 2024/25	Upper limit %	Lower limit %
Under 12 months	100	nil
Over 12 months	nil	nil

Extract from Revenue & Capital Outturn Booklet presented to Cabinet - 30 June 2025. Costs attributed to banking arrangements and transfers in lieu of interest are excluded.

DIRECTOR OF FINANCE & TRANSFORMATION

	2024/25 ORIGINAL ESTIMATE £	REVISED ESTIMATE £	PROVISIONAL OUTTURN £	
4 TREASURY MANAGEMENT & BANKING ARRANGEMENTS				
Employees				
Salaries	35,050	37,550	37,465	
Supplies & Services				
Treasury Advisor & Dealing Fees	16,000	17,000	15,484	
	51,050	54,550	52,949	
Less Income				
Interest on:				
Cash Flow Investments	(1,433,000)	(965,000)	(1,396,112)	**a)**
Core Cash Investments	(676,000)	(1,730,000)	(1,572,085)	**a)**
Property Fund Investments	(185,000)	(105,000)	(146,527)	**b)**
Multi Asset Income Fund Investments	(183,500)	(148,750)	(209,630)	**c)**
	(2,477,500)	(2,948,750)	(3,324,354)	
Sub-total	(2,426,450)	(2,894,200)	(3,271,405)	
Central, Departmental & Technical Support Services				
Central Salaries & Administration	12,650	13,400	12,971	
Information Technology Expenses	1,100	1,350	1,281	
Departmental Administrative Expenses	19,150	19,800	20,214	
TO SUMMARY	**(2,393,550)**	**(2,859,650)**	**(3,236,939)**	
Full Time Equivalent Number of Staff (including Support Service Staff)	0.91	0.98		

a) Increased interest receipts due to the slower than anticipated reduction in the Bank Rate, which has resulted in sustained higher interest yields on deposits.

b) Revised estimate reflected a lower level of investment income mainly due to the Lothbury Trust being terminated on 30th May 2024. An unbudgeted dividend of circa £32,000 was received in 2024/25.

c) Multi-Asset Diversified Income Funds performed better than anticipated.

Notes relate to changes between 2024/25 original and revised estimates reported to Audit Committee January 2025 and have been added to the outturn presentation to aid understanding.

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Audit Committee

21 July 2025

Part 1 - Public

Recommendation to Cabinet

Cabinet Member	Matt Boughton – Leader Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Management Team
Report Author	Sharon Shelton – Director of Finance and Transformation Paul Worden – Chief Financial Services Officer

Risk Management

1 Summary and Purpose of Report

1.1 The report of the Management Team provides an update on the risk management process and the Strategic Risk Register. An update is also provided in respect of the work being undertaken within the Council to champion risk management.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 The identification, evaluation, and cost-effective control of risks is essential in safeguarding the Council's assets, employees and customers and the delivery of services to the local community.

2.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements

3 Recommendations

3.1 Members are asked to:

1) **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED as shown in Annexes 1 and 1a; and

2) **NOTE** the service risks identified in Annex 2.

4 Introduction and Background

4.1 The Risk Management Strategy sets out the Council's risk management objectives and details the roles and responsibilities of officers, Members and the Council's partners in the identification, evaluation and cost-effective control of risks.

4.2 The Council's risk management arrangements are designed to ensure that risks are reduced to an acceptable level or, where reasonable, eliminated thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community. Examples of risk include budget deficit, cyber/data loss, environmental and reputational.

4.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.

4.4 The current Risk Management Strategy was endorsed by this Committee in January and subsequently adopted by Full Council on 20 February 2024. Members agreed that the next update of the Strategy would be in September 2025.

5 Risk Management Escalation Process

5.1 Effectively risks are assessed/scored in terms of their likelihood/impact.

5.2 Any risk evaluated as ‘High Risk’ (score of 15 or above) will be deemed by the Council to be beyond ‘risk tolerance’ and to have exceeded its ‘risk appetite’ and will be escalated immediately. Such risks should be added to the service’s risk register and discussed at the earliest opportunity within the Service Management Team (SMT) to inform a decision as to whether this should be escalated to Management Team by the respective Service Director. Management Team should then consider whether the risk is significant enough for inclusion in the Strategic Risk Register and action this if relevant. A record should be maintained of risks discussed at both SMTs and Management Team and the outcome of those discussions.

5.3 Similarly risks identified as “Medium Risk” may be escalated to the appropriate SMT for advice and to ensure they are kept fully aware of the current risks being faced. Risks determined as “Low Risk” should be managed within the service team. It is recommended that SMTs consider periodic review or moderation processes for Service Risk Registers to ensure they are happy with the scores risks have been given and confirm whether there are ‘Medium’ or ‘Low’ risks they wish to consider further.

6 Strategic Risk Register

6.1 The Strategic Risk Register (SRR) is considered to be a 'live' document and is updated, as often as is required, by the Management Team.

6.2 An executive summary of the RED risks has been provided at **[Annex 1]** and a full update of the current strategic risks and how they are being managed as at the time of writing is appended at **[Annex 1a].**

6.3 For completeness the risks that were categorised as RED at the time of the **April** meeting of this Committee is given below:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Managed exit from the Agile System

6.4 The Register has been updated and, as usual, notes in red font on the Register identify current mitigations and updates to the strategic risks.

6.5 It is worth noting that although the risk ‘Carbon Neutral 2030 Aspiration’ remains an ‘amber’ risk, as we move closer to the 2030 milestone, the risk of non-delivery increases.

6.6 The Devolution / Local Government Reorganisation risk remains at an amber level at this stage. Further work is ongoing regarding the submissions from the Kent authorities with the assistance of a strategic partner which will inform the ongoing risk assessment and will be shared with Members as this progresses.

6.7 The current RED risks REMAIN as:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Managed exit from the Agile System

7 Ongoing Service Risks

7.1 To give Members some reassurance as to the effectiveness of risk management outcomes from the risk management escalation process are reported to the meetings of this Committee unless that is there is something that needs to be brought to Members’ attention in the interim.

7.2 A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in April is appended at **[Annex 2]**.

7.3 Senior officers undertook mandatory training with the Risk Consultant in October 2024. Risk management appears as an agenda item for all Service Management Teams and Corporate Management Team meetings.

8 Zurich Risk Management Review

8.1 Members are reminded that Zurich Risk Management undertook a Risk Management Health Check, and the resultant report identified 12 recommendations for improvement.

8.2 Some of the actions have already been progressed but a number are due to be reported back to the September meeting of the Committee, including the update of the Risk Management Strategy.

8.3 An officer Risk Champions Group was established with the objective of spreading the workload, and word, on the importance of risk management throughout the authority. The group is also leading on work to enable the Strategy to be updated by the Committee in September.

8.4 One of the issues that has arisen is that the Council's Strategic Risk Register is not based on the nationally recognised model of a "5x5" matrix. What this means is that when scoring risks, there is a score of 1 to 5 for the likelihood of a risk occurring; and a score of 1 to 5 for the impact of risk occurring. Multiplying the likelihood and impact scores then provides an overall score which could range from a best case of 1 through to worst case 25.

8.5 The Council's current model is a "6x4" matrix. As part of the review being undertaken of the Strategy by the Risk Champions Group, it is proposed that the Council move to the "5x5" matrix. This will bring into line the risk scoring within Health and Safety Risk registers, and Business Continuity Plans as well as mirroring the national model.

8.6 It is proposed that this becomes part of the update to the Strategy which will be brought to the Committee in September for consideration, and then eventual adoption by Full Council. If in September Members decide to support the revised Strategy and adoption of a 5x5 matrix, the SRR will be re-modelled and future presentations of the Strategy (January 2026 onwards) will be presented on this basis.

9 Financial and Value for Money Considerations

9.1 Financial issues may arise in mitigating risk which will be managed within existing budget resources or reported to Members if this is not possible.

9.2 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.

10 Risk Assessment

10.1 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively.

10.2 A specific item for 'Risk Management' appears on all Management Team and Service Management Team agendas.

11 Legal Implications

11.1 There is a Health and Safety requirement for effective risk management to be in place and the Strategy supports this requirement.

11.2 There is also a requirement in the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

12 Cross Cutting Issues

12.1 Equalities and Diversity

12.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Executive Summary – Strategic Risk Register Strategic Risk Register Service Risks

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STRATEGIC RISK REGISTER - CURRENT

Date of Review 26/06/2025
Previous Date of review Mar-25

ANNEX 1

Direction of Travel key ⇩ Downward or positive movement ⇔ No change in movement ⇧ Upward or negative movement

No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
4	Achievement of Savings and Transformation Strategy	F, R, S	Failure to meet objectives and/or make savings. Impact on quality of service, budget overspends, salami slicing, etc. staff motivation impacted and increased risk of fraud or error.	01/04/2017	4	4	16	STS reviewed and updated in line with review of MTFS. Regular reports to update MT and Members. The 25/26 Budget is balanced with small contribution to General Revenue Reserve and significant contributions to Earmarked Reserves for Corporate priorities. s25 statement reported to Members in Feb 25 MTFS updated and reported to Cabinet in February 2025 alongside budget. STS also updated at this point Taking all opportunities to maximise income receipts where appropriate **New savings programme being devised by MT**	3	3	9	**Exercise launched by MT to identify savings to contribute to 1st tranche of savings based on last 3 year outturns. This will be reported to FRPSSC in Sept 2025. In addition, a wider review is currently being finalised by MT to identify more significant options for Members to consider in order to deliver the full programme of savings needed.**	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"	Chief Executive / Director of Finance and Transformation/ Management Team	⇔	Sep-25
5	Failure to agree Local Plan	F, R	Reputational risks around not being able to agree a Local Plan. Impacts around not meeting the timeframe for submission of the Local Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not delivered. Potential for central Government intervention.	04/01/2017	4	4	16	Members are updated via email updates and reports to the Housing & Planning Scrutiny Select Committee, as well as policy specific workshop sessions Local Plan risk register in place to manage full range of individual risks Ensure that all other policy tools, including 5 year housing land supply evidence, is up to date The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage.	3	3	9	Regular review of Government policy announcements that may impact on delivery, including housing standard methodology and WMS relating to Planning. Regular review of project plan to ensure plan can be delivered within current Government timeframes. Ongoing engagement with Counsel Ongoing engagement with Members including implementation of new engagement strategy Regular analysis of budget position and programme. Maintain staff levels within Planning Policy team to ensure capacity to manage process Regular analysis of programme - within Policy team on a weekly basis, reporting to Head of Planning/DPHEH bi-weekly. Resource available corporately to manage contract and procurement delivery	Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.	Director of Planning, Housing and Environmental Health	⇔	Sep-25
12	Managed exit from Agile (This replaces previous risk "implementation of Agile Software") NEW	F, S	Service impacts from level of staff time required to test upgrades, attend training and test data migration Post implementation data issues if transfer is poorly managed	17/03/2025	4	4	16	Fixed term 'Service Transformation Manager' role appointed to in order to provide internal project management resource Regular informal briefings to Cabinet Risk and issue log maintained Internal meetings with staff. Post-implementation review being carried out by internal Audit - live lessons learned being PID signed with IDOX, which includes establishing technical requirements for return of data from Agile system	2	1	2	Revised internal governance Commercial relationship management with IEG4	Digital Strategy	Director of Planning, Housing and Environmental Health	⇔	Sep-25

STRATEGIC RISK REGISTER - CURRENT

Date of Review **26/06/2025**
Previous Date of review **Mar-25**

Direction of Travel key Downward or positive movement No change in movement Upward or negative movement

ANNEX 1a

No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
1	Safeguarding and PREVENT	S, R	Significant impact should a child, young person or adults at risk come to harm, including radicalisation and child sex exploitation, and TMBC are unable to demonstrate appropriate processes are in place with adequate staff resource to ensure safeguarding procedures are consistently being followed.	01/04/2017	3	4	12	The overall responsibility for safeguarding lies with the Chief Executive, rather than individual services. The Council has undertaken the following actions to mitigate risk Carried out audit review of procedures to identify and address weaknesses Provided training to all licenced Dual, Hackney Carriage and Private Hire Drivers Provides a secure database for the recording and sharing of safeguarding concerns. Officer Study Group with safeguarding champions across services who are able to provide advise and support regarding safeguarding issues Dedicated safeguarding officer employed for 2.5 days per week. Training provided to staff	3	4	12	Continue to refer Safeguarding concerns to appropriate agencies where necessary and also raise with partners at the weekly CSU meetings. Complete outstanding actions from the Safeguarding Audits/ Self Assessments. Dedicated Safeguarding Officer now in post.	Safeguarding Policy	Chief Executive		Sep-25
2	Financial position/budget deficit	F, R	Financially unstable organisation. Failure to deliver a balanced budget, detrimental impact on quality of service, increased intervention and/or s114 notice. This includes Failure to maximise New Homes Bonus (for as long as it exists). Assessment of the current economic implications of higher inflation and interest rates Failure to deliver identified savings / Additional income	01/04/2017	3	4	12	The Council provides an annual statement (as a minimum) on the following areas; Treasury Management and Investment Strategy. Robustness of estimates and adequacy of reserves (s25 statement) Medium Term Financial Strategy (MTFS) Savings and Transformation Strategy (STS) Statement of Accounts containing Audit and Value for Money Opinion. 2023/24 accounts audited without qualification and a positive position from External Audit noted. 2024/25 accounts closed in accordance with statutory requirements and audit underway. 20024/25 outturn showed underspend, which has allowed contribution to reserves for key priorities. Growth in business rate income above baseline assisted overall financial position in year 24/25 . This is expected to continue in 2025/26. The Council also considers it has the following Effective Budgetary control and reporting procedures covering areas such as Leisure Trust Utility costs Effective monitoring covering Business Rates and Council Tax income including reporting to the Kent Pool. Regular reviews undertaken on the forecast of the Local Government Settlement. Responses have been made to consultations so far and will continue as new consultations are issued 2024/25 outturn was positive, mainly due to investment income and business rates Minimum level of General Revenue Reserve maintained at £3m. In addition, a Budget Stabilisation Reserve is held. Update of MTFS presented to Members in February 2025 Budget meeting. Current financial position within MTFS shows balanced budget for final year. This is after allowing for assumptions made on long term resourcing issues covering Funding Reform, Business Rates reset and allows for increased contract costs on major council contracts. Budget monitoring to date shows overall budget on track, although individual areas need careful review and attention.	3	3	9	Continued budget monitoring during year and actions put in place to address overspending areas, e.g. homelessness. In addition, through budget 2025/26, consider increased budget pressures and how they will be met. It has always been anticipated that once local government Funding Reform has been undertaken, the position will dramatically switch and expenditure will outstrip external funding. Therefore savings needs to be made in order to ensure that by the end of MTFS we have a balanced budget again. Under new government, national priorities and actions need to be carefully tracked. **NEW SAVINGS PROGRAMME BEING LAUNCHED BY MT with budget holders to assess options for presentation to Members.** Ensure that Business Rate income is maximised for benefit of TMBC prior to any Reset by any incoming Government (expected 26/27) Update of MTFS presented to Members in February 2025 as part of budget setting showed expected funding gap to be £2.8m. This can be broken down into tranches over next 4 to 5 years with first tranche of £600k to be achieved by 1 April 2026. **As part of Annual Service Delivery plan, reporting back to FRPSSC in September 2025 with options for delivering a minimum of £300k** Continue to respond to any consultations in respect of LG finances. Waste, Homelessness and Local Plan continue to be service areas of financial pressure and are being managed carefully. **In addition, any necessary growth areas need to be carefully managed and increase in spend needs to be matched by reductions elsewhere.** MT and Cabinet continuing to work to consider the best way of delivering transformation which could also to assist with identification and delivery of efficiencies. **New savings programme being devised by MT, and details to be reported to Cabinet in near future** Carefully review any knock on implications from upper tier spending and funding decisions and where appropriate consider action to address this. Council will need to plan for potential for borrowing in relation to replacement of Angel Leisure Centre. Reports due to come to Members in first part of 2025/26. Continue to actively monitor in year budgets to enable swift action as needed	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council" Annual Service Delivery Plan has an objective of identifying at least £300k savings and report to Members in Summer 2025.	Director of Finance and Transformation		Sep-25

STRATEGIC RISK REGISTER - CURRENT

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ANNEX 1a

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3	Performance Management	F,R,S	Without an effective performance management framework in place, the authority will not be able to monitor delivery, understand any required improvements or achieve value for money for our residents.	30/08/2023 (separated from Corporate Plan)	3	3	9	Having now been established for over 2 years, a review of performance management was undertaken and reported to O&S and Cabinet in November 2024. Improvements have been made in terms of reporting, as well as strengthening the link between the Corporate Strategy 2023-27 and delivery through the Annual Service Delivery Plan 2025/26 which comprises approximately 70 priority actions and 60 KPIs and was adopted by Cabinet in February 2025.	1	3	3	A streamlined reporting process was implemented during Q3 2024/25, with quarterly reports going to Management Team, O&S and Cabinet and this process is continuing for the reporting of the Annual Service Delivery Plan 2025/26. An annual Member Report is scheduled for the relevant Scrutiny Select Committee, highlighting achievements over the previous 12 months and future plans.	One of the priorities in the new Corporate Strategy is "Efficient services for all our residents, maintaining an effective council"	CE/MT	↔	Sep-25
4	Achievement of Savings and Transformation Strategy	F, R, S	Failure to meet objectives and/or make savings. Impact on quality of service, budget overspends, salami slicing, etc. staff motivation impacted and increased risk of fraud or error.	01/04/2017	4	4	16	STS reviewed and updated in line with review of MTFS. Regular reports to update MT and Members. The 25/26 Budget is balanced with small contribution to General Revenue Reserve and significant contributions to Earmarked Reserves for Corporate priorities. s25 statement reported to Members in Feb 25 MTFS updated and reported to Cabinet in February 2025 alongside budget. STS also updated at this point Taking all opportunities to maximise income receipts where appropriate **New savings programme being devised by MT**	3	3	9	**Exercise launched by MT to identify savings to contribute to 1st tranche of savings based on last 3 year outturns. This will be reported to FRPSSC in Sept 2025. In addition, a wider review is currently being finalised by MT to identify more significant options for Members to consider in order to deliver the full programme of savings needed.**	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"	Chief Executive / Director of Finance and Transformation/ Management Team	↔	Sep-25
5	Failure to agree Local Plan	F, R	Reputational risks around not being able to agree a Local Plan. Impacts around not meeting the timeframe for submission of the Local Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not delivered. Potential for central Government intervention.	04/01/2017	4	4	16	Members are updated via email updates and reports to the Housing & Planning Scrutiny Select Committee, as well as policy specific workshop sessions Local Plan risk register in place to manage full range of individual risks Ensure that all other policy tools, including 5 year housing land supply evidence, is up to date The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage.	3	3	9	Regular review of Government policy announcements that may impact on delivery, including housing standard methodology and WMS relating to Planning. Regular review of project plan to ensure plan can be delivered within current Government timeframes. Ongoing engagement with Counsel Ongoing engagement with Members including implementation of new engagement strategy Regular analysis of budget position and programme. Maintain staff levels within Planning Policy team to ensure capacity to manage process Regular analysis of programme - within Policy team on a weekly basis, reporting to Head of Planning/DPHEH bi-weekly. Resource available corporately to manage contract and procurement delivery	Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.	Director of Planning, Housing and Environmental Health	↔	Sep-25
6	Organisational development inc. staff recruitment and retention/skills mix. Impact of loss of capacity caused by recruitment difficulties upon delivery of corporate objectives. Increase in rate of inflation and consequent pressure on level of pay award.	F, R, S	Lack of resources or the right skills to deliver required outcomes, loss of key professionals/senior officers due to pay constraints and pressures, reduced staff morale and quality of work, leading to financial loss, reputational damage and detrimental impact on staff wellbeing.	01/04/2017	3	4	12	Review of staff resources and skills via service reviews. Organisational structure reviews are part of S&TS to achieve efficiency, coordinated service delivery and reflect changing legislative and policy requirements and priorities. The Council implemented it's Market Supplement policy in October 2023. At present all 'qualified' Planning Officer roles receive a market supplement. Vacant Planning Officer roles are advertised with a 'Golden Hello' payment. Specific workstream on Building Control due to Building Safety Act requirements for all surveyors to be recertified - looking at different certification routes and HR processes for staff.	3	4	12	Succession planning and staff development to be prioritised and reflected in an updated appraisal process (delivered 1 April 2025). Engagement of agency staff, external consultants and specialists where required. Reviewed by MT on a monthly basis to ensure Value for Money. Resilience and rationalisation of existing structures. Pay award for 2025/26 for all staff. Award of 2.9% agreed by General Purposes Committee in January 2025, with SCP 1 & 2 plus 315 deleted. Structural reviews approved by Members on an ongoing basis. Workforce Strategy approved by General Purposes Committee in June 2022. Revised version approved by General Purposes Committee in March 2025.	HR Strategy (Inc. Workforce Development Strategy) Savings and Transformation Strategy	Director of Central Services and Deputy Chief Executive/ Chief Executive	↔	Sep-25

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7	Health and Safety	F, R, S	Significant reputational impact should a service user, officer, member or contractor come to harm and TMBC are unable to demonstrate appropriate processes were in place.	01/04/2017	3	4	12	Lone working policy and service based practices to be continuously monitored. Health and Safety considered by management at weekly SMT meetings. Staff involvement with Health & Safety Group Ongoing review undertaken to react to potential key risk areas. Organisational learning and response to national events. Incident and near miss reporting.	2	3	6	Embedding and dissemination of good practice through staff briefings. Corporate Health and Safety Group (chaired by DPHEH) identifying cross organisational issues with feedback to Management Team and Health and Safety Officer. All services have reviewed all their Health & Safety local Procedures in particular Lone working and service specific risk assessments. Staff survey on H&W completed spring 2021, results reviewed and a future survey will be incorporated into general staff survey approach Corporate Health & Safety Policies and procedures are up to date and reviewed regularly which all staff can access. Continuing focus on risk assessment process including reviews as a result of Coronavirus pandemic. Further staff wellbeing survey to focus on working at home and wellbeing.	Staff wellbeing and customer care underpin the Council's fundamental service and corporate objectives	Director of Planning, Housing and Environmental Health	↔	Ongoing
8	Cyber Security	F, R	Loss of data and legislative breach, leading to financial penalties and reputational impact.	01/04/2017	3	4	12	The Council has; Information Security Policy deployed via Policy Management System. Implemented network security measures including access controls. Considered cyber insurance. Established an Information Governance Group. Appointed a Member Cyber Champion. Rolled out Cyber awareness training to all staff and Members via eLearning. Deployed 'Next generation' Palo Alto firewall technology for improved visibility and control. Deployed software solution to identify potential confidential data held on file servers. Implemented secure email in accordance with NCSC guidelines. Maintained dual level firewall security with the KPSN gateway being primary and the Council's own firewalls secondary. Implemented Solarwinds Security Event Manager. 1 member of IT team obtained Certified Information Systems Security Professional (CISSP) qualification October 2020. Implemented cloud backup and DR facilities to improve resilience; and embedded cyber security into DR and BCP processes. Continued to monitor Cybersecurity alerts via LGA Cyber Security email; through membership of NLAWARP and CiSP; and attending information sharing events such as Kent Connects Information Security Group. Cloud based web and email filtering has been deployed to improve availability and resilience. Completed firewall ruleset review following migration to Cloud to ensure our configuration is in line with best practice guidelines. Done Annually at ITHC Carried out phishing simulation exercises for awareness training for staff and members, to highlight areas of risk and to identify training needs. Subsequent online training sent out to all staff and members. Developed and deployed wallpaper/ lock screen to all TMBC laptops and PCs, with cyber security reminder to further reduce risk by increasing awareness. Head of IT appointed Senior Information Risk Owner (SIRO) from October 22. This role has responsibility for information and data risk and protection. Obtained Cyber Essentials accreditation in May 2025, demonstrating that our technical controls are designed to defend against the most common cyber threats. NCSC approved cyber security training has been evaluated and made available via the Council's new LMS.	3	3	9	The Council has; Prioritised the resources (both financial and staff) to ensure relevant updates and security mitigations are carried out in a timely manner. Scheduled annual IT Health Check (ITHC), quarterly PCI scans, and monthly vulnerability scans, feeding into remediation plans. Investigating and resolving detected security issues from previous ITHC. New ITHC completed August 2024, including the TMBC Microsoft 365 environment with remediation of security improvements underway. Next ITHC scheduled for August 2025 Regular email messages are sent out to all staff and Members on cyber security vigilance. Continuing to investigate emerging threats and cyber alerts, communicating with 3rd party suppliers to check compliance/obtain security updates and implementing mitigations as required to reduce likelihood of compromise. Training for IT staff on security aspects of Cloud environment is underway. Investigating further improvements to DR capability with specific regard to recovery from cyber incidents. Ensuring new staff have been invited to undertake training cyber security training. Further training and audits will follow to ensure the Council is as aware and prepared as possible to respond to potential cyber attacks. Procured NCSC approved cyber security training for staff and members, deployed during 2023, continued training throughout 2024 and re-procured for 2025 As at June 2024, All staff, with exception of new starters have completed Cyber Training, **As of March 2025 29 Members have completed the training, a further 9 have started but have yet to complete leaving 5 members yet to start.** Phishing simulations are carried out on an ad-hoc basis, without prior notification, to check effectiveness of training, and as regular assurance of staff and member awareness. Maintaining of industry standards, PCI DSS, Cyber Essential and Cyber Essential Plus annually to ensure that any changes in the IT environment still demonstrate that our technical controls are designed to defend against the most common cyber threats. Enrolment and management of devices in Intune is now live. It has replaced SCCM for deployment of all line of business apps to PCs and laptops, and Microsoft Defender for Endpoint is being used to leverage additional security features including network blocking when malware is detected and enforcement of encryption on laptops and removable media.	IT Strategy	Director of Finance and Transformation	↔	Sep-25

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	Cyber Security. Continued							Achieved 'Substantial' rating for Cyber Security at Internal Audit Report TM19-2023 & TM07-2023 - Cyber Security and ICT Infrastructure (Combined Report). An in-depth phishing training package, to highlight specific risks and increase staff awareness, was deployed to all staff and followed up by phishing simulations to check effectiveness of training. PCI DSS accreditation achieved to demonstrate that standards have been met by the Council with compliance of the PCI DSS standards to help protect sensitive payment card information and help reduce the risk of data breaches and fraud. Obtained Cyber Essentials Plus accreditation in October 2024, demonstrating that our technical controls are designed to defend against the most common cyber threats which were independently checked and verified. Utilising Microsoft Defender for Cloud to further enhance security of the Council's Azure IaaS infrastructure. Operation member of the IT team to be trained in the Certified Information Systems Security Professional (CISSP) qualification to ensure there is a higher knowledge of security within the team - Staff member qualified in Jan 2025 Maintain and using the new government framework Cloud Assessment Framework (CAF) to ensure critical systems are documented and robust. - CAF readiness and assessments completed in line with the first Government adoption programme				Test restore to sandbox environment carried out to validate our ability to recover successfully from a cyber incident. Areas for improvement identified, documentation of process underway and training for all technical support staff planned for Q4 2024/25. Continued ongoing development training to ensure that knowledge is kept up to date. Investigating preventative analysis, monitoring and remediation of suspected malicious network activity and NCSC approved cyber incident response retainer services to allow on hand cyber experts to assist with any Cyber Incident that may occur. Investigating and working towards the new government framework Cloud Assessment Framework (CAF) to ensure critical systems are documented and robust. Run regular simulations for Cyber readiness to ensure all staff are prepared and understand their roles during incidents. **Report of the Senior Information Risk Owner (SIRO) to be presented to FRPSSC July 2025 in part 2 with recommendations for consideration by Cabinet in September**				
9	Business Continuity and Emergency Planning (incl. Civil Contingencies)	F, R, S	Failure to provide statutory service or meet residents' needs resulting in additional costs, risk of harm and reputational impact. Impact/pressures on services and resources. Failure to ensure proper safeguards to prevent or to respond adequately to a significant disaster/event e.g. terrorist attack at a large scale public event , fire or flood	updated January	3	4	12	The Council has in place; Business Continuity Plan. Corporate Business Continuity Risk Register Emergency Plans Disaster Recovery Plans Inter-Authority Agreements Mutual Aid Agreement Partnership agreement with Kent Resilience Team. Emergency Planning Support Officer. Duty Emergency Coordinator System and Duty Officer System introduced to provide greater resilience. Covid Secure rest centre plan has been developed Flood Risk Assessments along with Support from Parishes with Flood Wardens EA support for expansion of Leigh Storage Area and works to Medway River Wall	3	4	12	Emergency planning documentation undergoing constant review and key aspects exercised . Increase % of staff trained in roles identified in the Emergency Plan Training organised by Kent Resilience Team . Business Continuity working group established to review and update existing Plan. Updated plan to be considered by Management Team and tested by a training exercise. Duty Officer rota in place to support Duty Emergency Coordinators out of hours. All staff fully trained before commencing duties. Out of Hours Manual reviewed and regularly updated. DSSLTS sits on Kent Resilience Forum Strategic Board. Actions taken in response to the Covid 19 pandemic will be reviewed and lessons learnt for the future. Any approved changes will be reflected in the Corporate Business Continuity Plan. Business Continuity Group including all members of Management Team meets twice weekly to oversee and coordinate response to pandemic. Annual Emergency planning review to be reported to Management Team. Exercising of plans must be undertaken regularly to ensure they are fit for purpose and to validate them. Recruitment into roles in the Emergency Plan is on-going. Enhanced staff training being developed to ensure rest centre staffing levels Funding allocated in Council's Capital Plan to support works to Leigh Flood storage area which will be completed by 2025. Undertake lessons learned from review of Grenfell Tower Inquiry Report Possible partnership working with EA in improving flood resilience in Wouldham linked to the replacement of the river wall.	Business continuity underpins the delivery of the Council's essential services and is a core of the authorities risk management	Director of Street Scene, Leisure & Technical Services		Sep-25

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10	Sustained or increasing levels of Housing need.	F, R, S	Increased demand on Housing and Revenues & Benefits services. Significant cost of providing temporary accommodation Inability to meet our legislative requirements - increased risk of decisions being challenged.	01/04/2017	4	3	12	TMBC run Welfare Reform Group with partner agencies invited. Knowledge sharing and issue identification. Council has joined the ReferKent network Additional resources in place to ensure focus on prevention activity and management/increase of Working with owners to bring long term empty properties back into use. Ongoing work on Empty Homes is being supplemented by fixed term resource. Council in February 24 agreed empty homes premium and second homes premium. EQIA assessment of key decisions included in all Board reports. Signposting now to UC rather than HB for new working age claimants. Keeping track of welfare statistics CTR Scheme approved for 24/25 . Downsizing incentive policy agreed Homelessness services externally reviewed and Member approved action plan being implemented	3	3	9	Improved working with TA providers leading to more guarantees of available accommodation and developing a TA Procurement Strategy Improved working with main housing provider to identify trends/specific cases across borough to jointly agree approach to preventing homelessness using housing provider mechanisms, DHP payments and homeless prevention funding where needed. Development of council owned/leased temporary accommodation portfolio - including delivery of the Local Authority Housing Fund £1.6m funding received. Continue to facilitate Welfare Reform group and widen participation from external partners so as to ensure best support for those affected by welfare reforms in T&M. Work with Kent councils collaboratively to ensure grants and support targeted to those most in need Continued focus on homelessness prevention through staff training, team structure and delivery of homelessness action plan Distribute latest Household Support Fund	Improving housing options for local people, whilst protecting our outdoor areas of importance - use every power we can to support those who are most in need of housing support and at risk of becoming homeless	Director of Planning, Housing and Environmental Health/ Director of Finance & Transformation	⟺	Sep-25
11	Political factors including stability of political leadership and decision making	F, R	Decisions required to achieve objectives including corporate strategy and savings and transformation may not be made and therefore required savings not achieved.	01/04/2017	3	4	12	Close liaison with Leader, Deputy Leader and Cabinet in developing the Savings & Transformation Strategy. Clear and comprehensive reports to support Members in making appropriate decisions to support the S&TS. Regular Group Leader meetings in place and stability of leadership following election. Regular pattern of informal MT/Cabinet meetings to provide stability and cohesiveness	3	3	9	Member briefings and training sessions.	Underpins delivery of overall strategy and Savings and Transformation.	Chief Executive	⟺	Sep-25
12	Managed exit from Agile (This replaces previous risk "implementation of Agile Software") NEW	F, S	Service impacts from level of staff time required to test upgrades, attend training and test data migration Post implementation data issues if transfer is poorly managed	17/03/2025	4	4	16	Fixed term 'Service Transformation Manager' role appointed to in order to provide internal project management resource Regular informal briefings to Cabinet Risk and issue log maintained Internal meetings with staff. Post-implementation review being carried out by internal Audit - live lessons learned being PID signed with IDOX, which includes establishing technical requirements for return of data from Agile system	2	1	2	Revised internal governance Commercial relationship management with IEG4	Digital Strategy	Director of Planning, Housing and Environmental Health	⟺	Sep-25
13	Carbon Neutral 2030 Aspiration	F, R, S	Significant reputational risk, particularly if other similar councils have achieved similar goals or targets. Significant financial cost to purchasing offsets to meet carbon neutral. High cost of increased frequency and intensity of extreme events (floods, heat waves) that increase costs and disrupt service delivery.	01/09/2023	4	3	12	Development of climate evidence (e.g. for the Local Plan), partnerships (residents, community and other Councils) and pathway analysis to support move towards transformative and larger-scale emissions reductions. Produce advice on decarbonising new waste collection contract. Increased contributions to Climate Change Reserve to Support match funding as well as capital projects. Grant Award received for Energy Efficiency measures for Sports Facilities. Total grant award of £1.6m will support installation of LEDs, solar PV and a heat pump at Larkfield Leisure Centre, reducing vulnerability to energy price variations and tackling a significant source of carbon emissions. Grant Award received for Energy Efficiency measures for Sports Facilities confirmed got Poult Wood Golf Course to be installed in 2025/26.	3	2	6	New strategic planning, oversight and commitment by Members, senior management and services to ambitious actions beyond 'business as usual'. Improved understanding of financial returns from climate mitigation measures that can be reinvested. Innovative thinking and delivery of services and mitigation options. Gap analysis report endorsed at Overview and Scrutiny Committee January 24 Funding is dependant on successful applications and awards being achieved, otherwise Council Resources will be needed. Successful delivery of decarbonisation projects using grant funding. Ensure all delivery, project and monitoring milestones set by funders are met.	Climate Change Strategy 2020 - 2030, Corporate Strategy 2023 - 2025	Chief Executive	⟺	Sep-25

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No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
14	Contract/Contractor Procurement	F, R	Failure to appoint suitably experienced and qualified contractors leading to poor quality of service, reputational damage and increased costs to the Council.	01/02/2024	2	3	6	Compliance with Council's adopted Procurement Rules and Strategy. Consultation undertaken with Property and Legal Services to ensure appropriate Lease/License/Contract arrangements are in place. Procedure adopted and monitored for the engagement of contractors setting out and seeking minimal requirements including Risk Assessment and Public Liability. Establishment of cross-departmental working groups for key contracts and projects. Contracts awarded on an evaluation of 'most economically advantageous' and 'best value' and not solely on financial benefit. Directorate representatives on the Council's Procurement OSG. Use of Mid-Kent Procurement Partnership Use of specialist advisors on major contracts. Contracts to include break clause and/or extension periods based on performance. Use of contract frameworks where appropriate. Risk assessment approach to appointment of contractors.	1	3	3	Corporate Procurement Strategy adopted Procurement documentation being reviewed. Corporate Training progressing for staff and Members Annual report to audit committee on procurement performance Compliance with new Procurement Act regulations Review level of legal resources for supporting contract procurement	Procurement Strategy. Compliance with legislation. Health and Safety.	Director of Street Scene, Leisure & Technical Services	↔	Sep-25
15	Devolution and Reorganisation in Kent Local Government	F, R	Uncertainty about future operating models and changes / opportunities in responsibilities or service provision leading to financial pressures, impact on quality of services, reputational damage. New Unitary Council being burdened with historic County Debt Maintaining core Current Council services during the transition and delivery of Council Priorities and Annual Service Plan Current Council priorities & projects undermined by future spending constraints Staff concerns: scale of change & securing a job in new structure Not being aligned with other Councils forming the new unitary The current council may not having sufficient capacity (financial, staffing and project mgmt.) to manage the transition process and carry out Business as Usual Is there a risk towards shorter-term thinking (Political Thinking) Risk of Forward Planning being linked to changes in long term organisation	Feb-25	4	3	12	Mitigation will be subject to legislative agenda. Dependent on the accounting records for the debt, whether attributed to specific assets or distributed on Population base Work on certain services will be cross cutting and staff could be seconded to prepare for unitary works therefore leaving ongoing services with reduced support. Regulation 24 will prevent excessive spending from a given date. Major Capital Works (replacement for Angel and Temp Accommodation) will need to be agreed and letter of intent issued prior to this date. Issues around staff retention and appointment needs clarification in accordance with legislation rather than through rumour. Changes in recent elections have changed political control of authorities and therefore a potential wider mix of Political Parties. Link to Core service provision Will depend on 'go-live' date on how matters schemes are progressed or deferred.	4	3	12	Will depend on legislation and accounting records held Planned resources priorities, both frontline and support staff areas in order to maintain service provision. Clear project management of major schemes, showing milestones for achievement. Regular reporting to Members and Management. Open and Transparent communications with staff on progress and potential impact on staff. In regards to recruitment issues working with Neighbouring boroughs could allow cross working or mentoring. Pro active engagement with other authorities and seek alignment on systems during the transition process. Utilisation of Transformation Reserve, Project Groups including secondment, external expertise. Government funding received and being held by Kent County Council. Strategic Partner engagement is now underway.	All Strategies	Chief Executive	↔	Sep-25

<u>Ongoing Risks and Risks Identified by Service Management Teams and Management Team</u>

	Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
Central and Exec	Homes For Ukraine Scheme	Ongoing home assessments and support for Ukrainians hosted under the Homes for Ukraine Scheme. There is a risk of homelessness and duty to place in TA, therefore work needs to be undertaken by the Resettlement Worker to support with sustainable living arrangements.	Ongoing.	Conflict in Ukraine continues and new arrivals into the borough are ongoing. HFU visas are for 3 years and there is now an option to apply for an 18 month Ukraine Permission Extension once the HFU visa expires. All new hosts/houses must be checked and welfare visits undertaken. Rematches via the HFU scheme are unsustainable in the longer term and work needs to be undertaken to support families into PRS or rent a room agreements.
	Successful delivery of the UK Shared Prosperity Fund Programme (inc. Rural England Prosperity Fund)	Having had our initial three-year T&M Investment Plan approved by MHCLG in 2022, implementation of projects required for period up to March 2025). A one-year extension (to March 2026) was awarded in late 2024.	Ongoing.	The 2022-25 UKSPF Programme was ultimately 100% by the end of the financial year and approval for the 2025-26 programme was secured in March 2025. As we get close to the end of Q1, the 2025-26 programme is currently around 15% spent, with all projects progressing as expected. The REPF Programme 2023-25 (West Kent Rural Grants) finished 98.5% spent. Approval was secured in March 2025 for the use of REPF funds towards the West Kent Rural Grant Scheme in 2025/26. The scheme opened back up for applications on 16 June 2025.
	Gibson Building - unable to deliver financial saving which has been assumed within MTFS	Cabinet agreed in Sept 2022 that the main offices of the Council should remain located at Kings Hill and that Officers should investigate the feasibility of progressing option 4 set out in the report.	Updated	Need to keep under review to ensure that changes in office accommodation deliver value for money and deliver identified savings. Deal now agreed with KCC in respect of covenants, subject to completion of legal agreement. Risk of capital cost for works to Gibson East exceeding previously agreed budget.
	Tonbridge Castle Gatehouse Roof - costs of resolving roof issue	Water ingress from roof in Great Hall. Remedial works completed in July 2023. Permanent works currently on site and due for completion July 2025	Ongoing	Works have now been 'opened up' and the extent of repairs required have become clearer. A lower level of risk will remain until completion of works in July 2025.
	Government withdraws funding for Public Sector Decarbonising Scheme	Government has not allocated any funding for future rounds on PSDS funding in the latest Spending Review, meaning it is likely the Council will need to fund in their entirety new decarbonising projects coming forward. The first of which will be the substantial Tonbridge Pool scheme	Ongoing	

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

	Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
Finance and Transformation	IT Security (formerly COCO Compliance)	Review of IT Infrastructure identified several areas of weakness for IT standards compliance	Ongoing	Number of risk removed, expected that remaining risks, once removed, will allow full compliance.
	Cyber Security	Request for 24hr monitoring now being considered as part of SIRO annual report	New	
	Year end audit	New staffing resources from Grant Thornton, could require additional support to understand council processes.	New	Weekly meetings between Accountancy and GT Staff should highlight and resolve issues.
	Corporate Insurance	Increases and changes to premiums for 2024/25 and 2025/26 insured year	Ongoing	The Councils Insurers have made changes to the charges included within the premiums. Therefore changes will be required to capital and revenue project evaluations to include insurance assessment.
	Payroll	Key information being supplied to Payroll in a timely manner, causing risk of staff and members not being paid.	Ongoing.	Information to be included in the pay run must be received no later than three working days into the month. Delays in these submissions jeopardised the payment to all staff requiring addition unsocial hours to be worked by the payroll team.
	IT Resources	Resource capacity for both Development and Technical Staff	Ongoing	The current demands on IT Staff are placing increased pressures on the resource capacity given competing demands of corporate systems being reviewed and implemented, namely the move from Agile to IDOX.
	Street Naming and Numbering	Resourcing within Team	Ongoing	This remains a risk due to the reversion from Agile to IDOX
	GDPR Compliance findings	Redacted information being stored with unredacted information	Ongoing	Access being restricted and will be removed once uniform is fully deactivated.
	Back Scanning	Scanning now complete, hand over to Information at Work systems and service recognition.	Ongoing	
	Temporary Accommodation (TA)	Rent Charging process - There is a potential risk surrounding the charging policy within Homelessness Accommodation in that the current wording of the license could leave the council open to a loss of income due to non-compliance with subsidy regulations. The amounts could be subject to prior years and therefore could exceed £1m per year.	New	Rent Agreement has been passed onto both Housing and Legal for further review.
	Loss of Key Personnel	With the loss of the Director Finance and Transformation, irrespective of the appointment of the Head of Finance (Section 151 Officer) there will be a need for interim resources at Section 151 and Deputy Section 151 levels	New	Report to go onto Council 8th July 2025.
	Fair Funding	Proposals to Central Government funding to Local Authorities underway - expectation that funds could be diverted to deprived areas	New	Consultation response to be shared with members.
	Council Tax Administration	Proposals from Government on changes to collection methods and exemptions to be granted. Likely impact on the cashflow for the council.	New	Consultation response to be shared with members.
	Supported Accommodation	The Supported Housing (Regulatory Oversight) Act 2023 came in to force August 2023. Assessment of the act has been ongoing and a consultation on how the act will regulated in practice. The practice is likely to involve a Licensing duty for the responsibility of the Council. Further implications could effect Housing Benefit payments to Landlord where care levels are considered to be unsuitable for the tenant.	Ongoing	Consultation released by central government now being considered.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

	Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
Planning, Housing and Environmental Health	Temporary Accommodation (TA)	TA consultancy review undertaken Dec 2021, actions implemented in 2022. Cost of living crisis and DA legislation implementation are impacting on maintaining TA levels within the agreed range.	Ongoing	TA costs remain high, as does level of need. Project underway to look at sustainable TA portfolio approach to help manage unit costs for TA. This is alongside ongoing work/training in service to support demand.
	Temporary Accommodation (TA)	Personal injury claims	Ongoing	Updated inspection regime being developed by officers.
	Food & Safety	Increased risk of food complaints/poisoning. Additional resources to manage backlog of inspections.	Ongoing	During the Covid-19 crisis the ceasing/reduction in the food hygiene inspection regime may result in food safety issues. There will also be a backlog of food safety inspections due to restrictions on visiting/businesses closed. Agreed catch up programme in place utilising COMF funding.
	Increased number of planning appeals/inquiries	Application determination timescales not being met, more speculative development, creates reputational risks and increases likelihood of appeals.	Ongoing	Volume and complexity of applications coming forward in parallel with local plan progression and given current uncertainties in timescales for adoption. MT agreed agency planning funding for short term. Head of Planning conducting service review summer 2022
	Staffing challenges in Planning services	Ongoing recruitment and retention difficulties in the sector and in T&M specifically. Several recruitment campaigns carried out.	Ongoing.	MT agreed that development of a Workforce Strategy will include recruitment and retention. Part 2 report to GP in July 2023 to look at immediate pressures. This will likely be followed by a new recruitment campaign and therefore this risk remains.
	Windmill Lane Gypsy Site	KCC have requested return of management of this site (which is already owned by TMBC) to TMBC on 31 March 2024. This is part of a programme of returns to districts of their owned G&T sites. Initial discussions about management issues and costs have been undertaken.	Ongoing	The return requires Member approval, proposing that this happens via Cabinet in Jan 2024. There are a mixture of Property and Housing risks relating to this potential transfer. Officers are awaiting detailed information from KCC on maintenance costs, the detailed works schedule for grant funded improvements that are scheduled to complete before end of financial year and rent roll. TMBC will require a management arrangement for the site, which is being explored with neighbouring authorities as well as external providers. There will also be a requirement for the Council to have a G&T Allocation Scheme. Risk that the approach to management of this site is not fully in place before the proposed transfer, which could cause liability issues. Also need to consider specific equalities considerations for this group of residents.
	Local Plan	Reg 18 carried out in Autumn 2022. Changes to NPPF and proposed changes to system via LURB published December 2022. Assessing options for delivery of a Local Plan.	Ongoing	Members to make a decision on a revised Local Development Scheme in Summer 2023. This is subject to a number of challenges including ongoing delays in Govt announcements on national planning policy. The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirement of the NPPF so that the plan can be found to be sound at the examination stage. Timing is of the essence as the Local Plan will need to be submitted to the Planning Inspectorate by 30th June 2025. The Council has recently engaged Trowers and Hamlins Law Firm to advise and support the Planning Policy Team up until adoption stage.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Street Scene, Leisure and Technical Services

Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
Phone Signal	CEOs having difficulty enforcing parking in Tonbridge and customers having issues accessing Ringo due to deterioration in mobile phone signal.	Ongoing	Multi-network sim cards issues to CEO's and liaison taking place with service providers. Contactless card payments currently being reviewed.
Garden Waste invoices	Delay in invoices being issued to subscribers wanting to renew due to IT issues.	Ongoing	Financial Services reviewing use of recurring payments.
Utilities costs	Significant energy price increases at leisure centres is resulting in financial cost to the Council under the risk sharing agreement in the Management Agreement with the Trust.	Ongoing	Trust providing regular updates via Strategic/Service Fee meetings - cost of swim charges increased to help contribute to additional cost, energy saving initiatives being investigated and implemented and central government being lobbied. Government grants applied for successfully to reduce utility costs e.g. solar panels and air source heat pumps.
CEO Recruitment	Difficulties in recruiting into CEO posts resulting in reduced patrolling and income generation.	Ongoing.	Vacancies needing to be advertised on an ongoing basis. Four posts are currently not filled.
KRF Review	The KRF have undertaken a review and plan to make adjustments to how the forum operates.	Ongoing.	Risks associated with increased responsibility being undertaken by LA's . Many Kent Chief Executives are recruiting dedicated full-time resource to enable work to be developed and maintained. This appears to be requiring LA's to delivery work areas that were historically delivered through the KRF and KRT.
Business Continuity & Emergency Planning	The current structure of the LRF and legislation has been added to. The Kent Resilience Forum has undergone review with significant changes to how the Kent Resilience Team will provide support and guidance to Local Authorities. The UK Government has also recently published a new 'UK Government Resilience Framework'. Further guidance is expected but the theme is around increasing locally led resilience and planning at the LA level. Additional recommendations have now been published in relation to the Grenfell Tower Enquiry. These are likely to be included with the review of the CCA.	Ongoing	Need to track new guidance and review how we contribute and participate in the Kent Resilience Forum. We also need to be able to ensure that we maintain a fit-for-purpose organisation to enable suitable response.

Audit Committee

21 July 2025

Part 1 - Public

Delegated

Cabinet Member	Martin Coffin – Deputy Executive Leader and Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton – Director of Finance and Transformation on behalf of Management Team
Report Author	Paul Worden – Chief Financial Services Officer

Annual Governance Statement 2024/25

1 Summary and Purpose of Report

1.1 This report presents the Annual Governance Statement for the year ended 31 March 2025 for Members' endorsement. The Annual Governance Statement was signed by both the Leader of the Council and the Chief Executive on 31 May 2025 and accompanies the Statement of Accounts 2024/25.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 The Statement of Accounts demonstrate that the authority's finances remain in a sound position.

3 Recommendations

3.1 Members are asked to **ENDORSE** the Annual Governance Statement for the year ended 31 March 2025.

4 Introduction and Background

4.1 It is seen as good practice for local authorities to prepare and adopt a Local Code of Corporate Governance. The current Local Code of Corporate Governance is presented elsewhere on this agenda by the Director of Central Services/Monitoring Officer and this has been used as a reference point.

4.2 The Annual Governance Statement accompanies the Statement of Accounts but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

4.3 The Annual Governance Statement for the year ended 31 March 2025 is attached at **[Annex 1].** The Statement has been prepared by reference to the self-assessment questionnaire and supporting evidence accompanying the Local Code of Corporate Governance agenda item. The Statement was signed by the most senior Member and officer of the Council on 31 May 2025.

5 Financial and Value for Money Considerations

5.1 As set out in the papers.

6 Risk Assessment

6.1 The preparation of the Annual Governance Statement is a statutory requirement and, therefore, failure to prepare and approve the Statement could adversely affect the Council.

7 Legal Implications

7.1 The preparation of the Annual Governance Statement is a statutory requirement.

8 Cross Cutting Issues

8.1 Climate Change and Biodiversity

8.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 Annual Governance Statement

ANNUAL GOVERNANCE STATEMENT

Purpose of this Statement

The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

Scope of responsibility

Tonbridge & Malling Borough Council is responsible for ensuring that its business is conducted in accordance with the law covering local authority activities, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are carried out, having regard to a combination of economy, efficiency and effectiveness.

To discharge this, the Council must have proper arrangements for the governance of its affairs. the Council's Legal Services team prepares a Local Code of Corporate Governance which is approved and adopted annually by the Council. This statement explains how the Council complies with the Code and meets the requirements of the Accounts and Audit (England) Regulations which requires all relevant bodies to prepare this Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems, culture and activities through which the Council accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. This framework has been in place for the year up to 31 March 2025 and up to the date of approval of this statement.

The system of internal control is a significant part of this framework and is designed to manage risk to reasonable levels. It cannot eliminate all risk but can provide reasonable assurance of effectiveness. The review of internal controls is based on processes designed to identify and prioritise the achievement of the Council's policies, aims and objectives, and the risks that may cause them not to be achieved.

The governance framework

The Council's Local Code of Corporate Governance sets out the arrangements in place to govern the Council's activities under seven main headings.

<u>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</u>

Standards of conduct are governed through specific Codes of Conduct for both Members and officers. The constitution contains the Protocol on Member/Officer Relations to ensure effective communication. Registers on declarations for officer and Member interests that may impact on the Council decision making processes are held by the Monitoring Officer. The register for Members is available on the Council's website and Members are asked to state that their register entry is up to date as part of their annual declaration of interests included within the financial statements.

The Members' Code of Conduct, communicated to all Members on induction, is based around ethical behaviour and requires objective and impartial decision making. The Joint Standards Committee is responsible for upholding Member standards and ensuring Members receive suitable training and support in respect of ethical standards.

The Officer Code of Conduct is shared and acknowledged by staff on an annual basis. An annual staff appraisal scheme ensures monitoring and achievement of agreed performance. Training and development needs, including the requirements for Continued Professional Development for qualified staff, is identified through the appraisal system.

The Council's Constitution ensures that activities are discharged by legislative requirements; these include rules covering Finance and Procurement and additional strategies and policies for activities where necessary.

Ensuring openness and comprehensive stakeholder engagement

The Constitution sets out the decision-making framework, including statutory functions and the scheme of delegated responsibilities. The Constitution is reviewed by the Monitoring Officer and Management Team, proposed changes are presented to Council for adoption, unless allowed under the Monitoring Officer's delegated authority.

Notices of Key Decisions to be taken by Members are published in advance via the Council's website. All formal Member meetings, unless considered confidential under the Local Government Act 1972, are open to the public and live streamed on YouTube.

Delegated powers for Committees, Members and Officers, including the statutory officers of Head of Paid Service (Chief Executive), Monitoring Officer and Section 151 Officer, are set out in the Council's Constitution. The Constitution also contains the Council's Financial and Contract Procedure Rules, and standing orders.

The Overview and Scrutiny Committee is responsible for reviewing and scrutinising the decisions made by, and performance of, the Cabinet and/or Committees and Council Officers. Call in procedures allow Members to challenge decisions made by Cabinet or a Cabinet Member. Scrutiny Select Committees have the power to investigate any matters they consider relevant to their work area, and to make recommendations to Cabinet as they see fit.

The Council has arrangements to communicate and consult with stakeholders on the Council's work and key policy changes and this consultation allows the development of strategic priorities and the Corporate Strategy. In addition, the Council uses its complaints procedure to understand where services can be improved.

Defining outcomes in terms of sustainable economic, social and environmental benefits

The Council's current Corporate Strategy was approved by Full Council in the Summer of 2023.

The strategy covers the period 2023 to 2027 and sets out our vision: "To be an innovative and forward-thinking council, that leads the people and businesses of the borough towards a vibrant, prosperous and sustainable future."

Supporting the Corporate Strategy is the Council's Annual Service Delivery Plan and is developed and agreed each year alongside the budget. This is a performance management tool that sets out priority actions for the year, along with key milestones and performance targets that can be used to monitor whether the Council is on track with delivery. The annual Service Delivery Plan is also aligned to the annual staff appraisal process.

The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets and underpins the budget setting process for both the forthcoming year and the strategy period. The MTFS provides a sustainable plan that reflects the Council's priorities. Any funding gap identified is managed through the Savings and Transformation Strategy which provides structure, focus and direction in addressing the significant financial challenge.

Impacts covering risk, value for money, equalities and diversity, climate change and other cross cutting issues are set out in Member reports where relevant.

Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council's Constitution sets out the decision making process, with all decisions being informed through reports to include officer and professional (where applicable) advice. Alternative proposals, where relevant, are provided to provide Members with options for decisions.

The Corporate Strategy acts as a reference point for decisions taken to maintain and improve services. This is supported by the Annual Service Delivery Plan, and both documents are shared with officers through the annual appraisal system.

The Council reports Key Performance Indicators which are monitored by officers and service management teams and reported to Members through the Overview and Scrutiny Committee and Cabinet.

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Improving value for money is achieved by the Council through innovative use of Information Technology, joint working and shared services supported by robust financial budgeting and monitoring arrangements.

During 2024/25 the Council adopted a new Project Management Framework that provide officers with the tools to successfully deliver projects to achieve both the projects goals and the targets set in the Annual Service Delivery plan. Member training is provided on both a programmed and ad hoc basis covering general or committee specific subjects. Officer training is provided covering both mandatory and voluntary training, as well as learning and development opportunities.

The Council is now beginning to undertake several large projects within the next few years, the Refuse, Recycling, and Street Cleansing Contract, the replacement Leisure Centre and the announcement for Local Government Reorganisation being three of many, meaning that both financial and staffing resources will be under pressure to deliver. The Corporate Management Team will continue to have close oversight of these projects and provide and or divert addition resources to keep these projects managed and delivered.

Managing risks and performance through robust internal control and strong public financial management

The Audit Committee's responsibility, as set out in the Constitution, is to provide independent assurance of the adequacy of the risk management framework and associated control environment.

To do so, the Council has a Risk Management Strategy that sets out the roles of Members and officers in the identification and minimisation of risk. Cabinet appointed the Chair of the Audit Committee to be the Member Risk Champion. An Officer Risk Champions Group develops and promotes the risk management process throughout the Council. Risk Management is now a standard paragraph on Cabinet Reports and a standing item on the Council's Management Team and Service Management Teams.

The strategy and guidance explains that risks identified are scored on their likelihood and impact, and that existing controls and required actions to further mitigate risks are captured in risk registers. Where high risks are identified these are escalated through from Services to the Corporate Management Team and if necessary, onto the Strategic Risk Register for reporting to Members of the Audit Committee through the scheduled programme of meetings.

As previously mentioned, Member reports include an explanation of the risks associated with the recommended decisions being offered.

The Council's Internal Audit function is provided by Kent County Council under delegation and operates in line with proper practices which is governed by the Public Sector Internal Audit Standards and the CIPFA application note to the Standards. The Chief Audit Executive role meets the requirements as set out in the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Audit Committee are responsible for the Council's anti-fraud, bribery and corruption arrangements including whistleblowing. The Chief Audit Executive is responsible for the maintenance of the Council's Anti-Fraud, Bribery & Corruption Policy and Whistleblowing Policy and has arrangements and resources in place to investigate any allegations made under either document.

The Council's financial information and reporting arrangements are sound and the external auditor following the 2023/24 audit identified one ongoing weakness regarding procurement under the heading of 'Improving economy, efficiency and effectiveness'. These matters were reported to the Audit Committee along with the management response in January 2025. The actions within the management response have been progressed since the committee with the Council joining the Mid Kent Procurement Partnership in April 2024 for the provision of Procurement Services to the Council. It was acknowledged by Grant Thornton, in their Value for Money Review for 2023/24, that although progress had been made they would continue to monitor the implementation of these actions and report back within the 2024/25 Value for Money review.

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council has implemented the mandatory and (where cost effective) recommended principles set out in the Local Government Transparency Code.

All reports (save those which are exempt) for both historic and prospective meetings of the Council and its Committees and Boards are made available to the public through the Council's website.

Where possible, reports are written in a public-facing and non-technical manner.

The annual Statement of Accounts reports the Council's financial performance and is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK and is subject to external audit. Included within the Accounts is an opinion given by the Council's external auditors on value for money through economic, efficient and effective use of resources.

The Review of Effectiveness of the System of Internal Audit for the year 2023/24 concluded that a good system of internal audit is in place within the Council.

Review of effectiveness

Tonbridge & Malling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Audit Executive's Annual Report, and also by comments made by the external auditor and other review agencies and inspectorates.

The effectiveness of the Council's governance arrangements has been evaluated through a self-assessment against the principles of the CIPFA/SOLACE document, Delivering Good Governance in Local Government Framework 2016.

It should be noted that no significant governance issues were identified in the Annual Governance Review and no other areas were identified for significant further enhancement. A change was made in the year to the legal implications section of Member reports to make it clear where the commentary had been vetted by the Legal team. For completeness no audit reports received a 'no assurance' opinion.

Signed

[redacted]

Chief Executive

Dated 31st May 2025

Signed

[redacted]

Leader of the Council

Dated 31st May 2025

Audit Committee

21 July 2025

Part 1 - Public

Delegated

Cabinet Member	Martin Coffin – Deputy Executive Leader and Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton – Director of Finance and Transformation
Report Author	Paul Worden – Chief Financial Services Officer Amanda Riley – Principal Accountant

Draft Statement of Accounts 2024/25

1 Summary and Purpose of Report

1.1 This report presents an unaudited set of Accounts for 2024/25 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 The Statement of Accounts demonstrate that the authority's finances remain in a sound position.

3 Recommendations

3.1 Members are **RECOMMENDED** to:

- Note and endorse the enclosed unaudited set of Accounts for 2024/25.
- Note the Statement provided by the Director of Finance and Transformation **[Annex 3]** in support of assertions made in the Statement of Responsibilities for the Statement of Accounts.

4 Introduction and Background

4.1 This report presents an unaudited set of Accounts for 2024/25 **[Annex 1]** for information.

4.2 The Accounts include adjustments in light of the outturn position which were discussed informally with Cabinet and reported to Cabinet on 30 June 2025.

4.3 Due to wider backlogs in Local Authority Accounting and Audits the deadline for publishing a set of Accounts for 2024/25 was pushed back to 30 June 2025. Tonbridge & Malling's Accounts were finalised by 31 May 2025 allowing the Council to benefit from an earlier External Audit.

4.4 The Audit of the 2024/25 accounts has already commenced and work will continue over the forthcoming months, with the aim to have the Accounts signed off by External Audit at the September meeting of this Committee.

5 Statement of Accounts

5.1 The Accounts are prepared in accordance with International Financial Reporting Standards. The Code of Practice on Local Authority Accounting in the United Kingdom is issued by the Chartered Institute of Public Finance and Accountancy and is reviewed and as appropriate updated at least annually. There have been no material changes to the presentation of the Accounts for 2024/25.

5.2 An unaudited set of Accounts for 2024/25 is enclosed with this agenda. It consists of the following individual financial statements and associated notes.

1) Comprehensive Income and Expenditure Statement – this Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

2) Movement in Reserves Statement – this Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure and or reduce local taxation) and other reserves (those that the Council is not able to use to provide services, for example, the revaluation reserve).

3) Balance Sheet – sets out the financial position of the Council at 31 March 2025. It shows the value of the Council's assets and liabilities, and its balances and reserves.

4) Cash Flow Statement – this summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes.

5) Notes to the financial statements.

6) Collection Fund and Associated Notes – shows the total local taxation transactions in relation to council tax and business rates.

5.3 At **[Annex 2]** is a more detailed overview of the Statement of Accounts and at **[Annex 3]** a checklist certified by the Director of Finance and Transformation in support of the assertions made in the Statement of Responsibilities for the Statement of Accounts.

5.4 Members will note in accordance with the Accounts and Audit Regulations and in the role as the Council's responsible financial officer, the Director of Finance & Transformation has certified that the Statement of Accounts present a **"true and fair view**" of the financial position of the local authority at the end of the year and its income and expenditure for the year.

5.5 The Statement of Accounts is subject to external audit which commenced in June 2025.

6 Accounts and Audit Regulations

6.1 The Accounts and Audit Regulations require:

- The Council's responsible financial officer to certify an unaudited set of accounts for issue, that present a "true and fair view" of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

- The responsible financial officer and Members to certify / approve an audited set of accounts for publication by no later than 27 February 2026 and that following approval, both the responsible financial officer and Chairman of the receiving Committee sign and date the Statement of Accounts.

- Authorities to have in place a sound system of corporate governance and that an Annual Governance Statement is to accompany this but it is not part of the Accounts.

7 Statement of Auditing Standards

7.1 Our External Auditor is required to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts. Under the Council's Constitution it is the Audit Committee that will receive this report. The report is expected to be presented to the Audit Committee meeting on 29 September 2025.

8 Annual Governance Statement

8.1 The Annual Governance Statement can be found elsewhere on this agenda. The Statement accompanies the Statement of Accounts but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governing is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

8.2 The Statement is prepared by way of a self-assessment questionnaire and supporting evidence. The Statement has been signed by both the most senior Member and Officer of the Council.

9 Financial and Value for Money Considerations

9.1 The fee for the audit of the 2024/25 Accounts is £163,828 compared to £147,460 for the 2023/24 audit. The increase is because of the new contract for Public Sector Audit.

10 Risk Assessment

10.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescales could adversely affect the Council.

11 Legal Implications

11.1 Compliance with the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting in the United Kingdom is a statutory requirement. There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.

11.2 The draft accounts have been displayed on the Council's website since 31 May 2025. Under Regulation 15(2)(b) of the Accounts and Audit Regulations 2015 notice was given that from Monday 2nd June 2025 to Friday 11th July 2025 (weekdays between 9am and 4pm) the accounts could be inspected by any person.

12 Cross Cutting Issues

12.1 Equalities and Diversity

12.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None Investment information provided by King & Shaxson Pension information provided by Barnett Waddingham Valuation/Impairment information provided by Wilks Head & Eve.
Annexes	Annex 1 – Draft Statement of Accounts Annex 2 – Overview of the Statement of Accounts Annex 3 – Declaration in Support of assertions made in the Statement of Accounts

TONBRIDGE & MALLING BOROUGH COUNCIL
www.tmbc.gov.uk

Statement of Accounts

2024/25

CONTENTS

NARRATIVE REPORT

1. INTRODUCTION

The Council's current Corporate Strategy sets out our vision: To be an innovative and forward-thinking council, that leads the people and businesses of the borough towards a vibrant, prosperous and sustainable future.

It also states the values that we believe are key to achieving it: innovation, transformation, and delivery.

These values will enable us to deliver modern and successful public services that help to meet our four key priorities for the borough:

- Efficient services for all our residents, maintaining an effective council;
- Sustaining a borough which cares for the environment;
- Improving housing options for local people whilst protecting our outdoor areas of importance;
- Investing in our local economy.

The Narrative Report provides, amongst other things, an overview of the Borough Council; a brief explanation of the financial aspects of the Council's activities for the year 2024/25; a review of the year; and possible issues for the future.

2. OVERVIEW OF TONBRIDGE AND MALLING BOROUGH COUNCIL

The Borough

The Borough of Tonbridge and Malling is one of twelve districts in the County of Kent. It was established in 1974 by the merger of the Urban District of Tonbridge, the Rural District of Malling and parts of the Rural District of Tonbridge.

The Borough, with a population of 132,600, covers an area of 92.7 sq miles and is located in west Kent. Immediately to the east lies the county town of Maidstone. Sevenoaks lies some 6 miles to the west and Tunbridge Wells is located to the south close to the market town of Tonbridge. The Borough does not have a single urban focus but comprises a number of diverse, contrasting settlements and neighbourhoods.

It stretches north, beyond the M2 motorway, encompassing Blue Bell Hill village and parts of Walderslade on top of the North Downs. To the south of the M2 is an area of the Borough known locally as the 'Medway Gap' where the River Medway cuts through the North Downs. This area includes a number of villages on the east and west banks of the River Medway which are based on a history of cement and papermaking. The urban area immediately to the south, which has resulted from the amalgamation of a series of former villages, comprises of the parishes of Leybourne, East Malling and Larkfield, Ditton and Aylesford, and looks predominantly eastwards to Maidstone.

Most of the Borough is rural in character, with villages and small towns of varying size and character, many of which are of architectural or historic interest. The largest rural settlements are West Malling, Borough Green, Hadlow, Hildenborough and East Peckham. Kings Hill is a new mixed use community constructed on the former West Malling Airfield.

The Council

A Local Government Boundary Commission Review in 2022 recommended a reduction in the number of wards and the number of Councillors with effect from May 2023. The number of councillors reduced from 54 to 44 representing 19 wards after the local elections in May 2023.

Local Councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to serve a term of office. Elections of the whole Council are held every four years. The make-up of the Council at 31/3/25 is: Conservatives 20, Liberal Democrats 11, Green Party 8, Independent Alliance (Kent) 2 and Labour 2, with 1 vacant seat.

The Council operates on a system of Cabinet decision-making whereby the Leader and six Cabinet members are responsible for most day-to-day decisions. The Leader and each member of the Cabinet have responsibility for particular service areas. Members of the Cabinet are appointed annually by Full Council.

As at 31 March 2025 the Cabinet comprised the following Councillors:

Councillor M Boughton	Executive Leader
Councillor R Betts	Climate Change, Regeneration and Property
Councillor M Coffin	Deputy Executive Leader; and Transformation and Infrastructure
Councillor D Keers	Community Services
Councillor K Tanner	Finance and Housing
Councillor M Taylor	Planning

In addition to Cabinet there are a number of Committees with delegated responsibility for specific functions such as planning decisions. From April 2022 a number of governance changes became effective, introducing three Scrutiny Select Committees in addition to the Overview and Scrutiny Committee which give all Councillors the chance to discuss matters and assist the Cabinet in its decision-making. Members of Committees are appointed annually by full Council.

The Full Council approves and adopts the budget and key policies within which Cabinet decisions are taken. Council holds the Cabinet and Committees to account for the decisions they take.

Further information on how the Council works can be found on the Council's website.

Senior Management and Services

The Chief Executive is the most senior officer with overall responsibility to the Council for the management of its affairs and leads the Council's Corporate Management Team. The Chief Executive and four Directors make up the Council's Corporate Management Team.

Service areas are aligned with the Corporate Management Team as follows:

- Chief Executive and Head of Paid Service and Returning Officer for elections. Service responsibilities include conduct of elections, corporate policy, economic development / regeneration and electoral registration.
- Director of Central Services and Deputy Chief Executive and Monitoring Officer. Service responsibilities include customer services, local land charges, democratic services, licensing, personnel and property.
- Director of Finance and Transformation and Section 151 Officer. Service responsibilities include accountancy, business rates, council tax, housing benefits, local council tax support and information technology.

- Director of Planning, Housing and Environmental Health. Service responsibilities include building control, development control, environmental protection, homelessness, housing advice and local plan.
- Director of Street Scene, Leisure and Technical Services. Service responsibilities include car parking, leisure centres, parks and open spaces, refuse collection and recycling and street cleansing.

Further information on the Council's senior management can be found on the Council's website.

3. OVERVIEW OF STATEMENT OF ACCOUNTS

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. The Code is based on a hierarchy of approved accounting standards.

There have been no material changes to the presentation of the Accounts for 2024/25.

The accounting convention adopted for the preparation of the Accounts is a historical basis modified for the revaluation of certain categories of assets. The Accounts are supported by Accounting Policies and by various notes to the Accounts.

The Council's Accounts for the year 2024/25, in addition to the Narrative Report, consists of the following sections.

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Authority and the Council's responsible financial officer. The Statement is signed when the Accounts are authorised for audit and again following the audit of the Accounts.

Core Financial Statements

The core financial statements consist of the following four statements and associated notes.

- **Comprehensive Income and Expenditure Statement**
  This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and Expenditure and Funding Analysis.
- **Movement in Reserves Statement**
  This Statement shows the movement from the start of the year to the end for the different reserves held by the Council. These are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.
- **Balance Sheet**
  The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the

reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For example, the capital receipts reserve that may only be used to fund capital expenditure or to repay debt. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

- **Cash Flow Statement**
  The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **Notes to the Core Financial Statements**
  The notes present information about the basis of preparation of the financial statements and the specific accounting policies used, for example, the method of depreciation used, policies in respect of provisions and reserves, and accounting for pension costs. The notes also disclose information required by the Code that is not presented elsewhere in the financial statements. They also provide information that is not provided elsewhere in the financial statements, but is relevant to understanding them.

Supplementary Financial Statements

In addition to the four core statements the following supplementary statement and associated notes are included within the Accounts.

- **Collection Fund Statement and Associated Notes**
  The Collection Fund Statement for English Authorities is an agent’s statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Annual Governance Statement

This Statement accompanies the Statement of Accounts, but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

Independent Auditor’s Report

The Council’s independent external auditors provide an independent opinion on whether the financial statements present a “true and fair view” of the financial position of the Council at the Balance Sheet date, and its income and expenditure for the year. They also report on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

4. FINANCIAL PERFORMANCE

Day-to-Day Expenditure and Income

The revenue account - known as the General Fund – shows the net cost of providing day-to-day services. The following paragraphs and tables provide details of actual General Fund spending compared to the budget on which the council tax was set. This is different to the accounting cost reflected within the financial statements whose format is set out under the accounting code.

In February 2024 the Council set a net revenue budget of £17,172,000. This was to be met from council tax income of £12,736,000, business rates of £6,185,000, grants and contributions of £3,480,000 and a collection fund surplus of £1,919,000; offset by a net contribution to specific earmarked reserves of £6,083,000 and a contribution of £1,065,000 to the general revenue reserve.

The revised net revenue budget of £18,849,000 prepared in the year was £1,677,000 more than the original budget set by the Council in February 2024. This was offset by a decreased movement in the net contribution to or from specific earmarked reserves of £1,534,000 and an increase of £200,000 in other grants and contributions, which led to a contribution to the general revenue reserve of £1,130,000 compared to the estimated contribution to the reserve of £1,065,000 when the budget was set in February 2024, an increase of £65,000.

The actual spend (net) for the year of £17,053,000 was £119,000 less than the original budget set by the Council in February 2024. This, together with an increase of £1,408,000 in the planned net contribution to specific revenue reserves and an increase of £1,187,000 in other grants and contributions; offset by an increase of £145,000 in respect of business rates, led to a contribution to the general revenue reserve of £1,108,000, a difference of £43,000 to the budget set in February 2024.

The actual spend (net) compared with the original and revised budget is shown in the table below.

2023/24 Actual £'000		Original Budget £'000	2024/25 Revised Budget £'000	Actual £'000
3,796	Corporate Services	4,093	4,076	3,982
1,068	Chief Executive	1,107	1,127	950
507	Director of Central Services	1,006	1,937	1,385
(1,486)	Director of Finance & Transformation	(266)	(684)	(1,060)
6,857	Director of Planning, Housing & Environmental Health	5,064	6,771	6,835
9,151	Director of Street Scene, Leisure & Technical Services	9,043	8,496	9,007
19,893	**Cost of Services**	**20,047**	**21,723**	**21,099**
(3,510)	Depreciation, Amortisation & Impairment	(2,875)	(2,875)	(4,046)
(161)	Revenue Expenditure Funded from Capital	(158)	(158)	(237)
16,222	**Sub-total**	**17,014**	**18,690**	**16,816**
(611)	New Homes Bonus	(343)	(343)	(343)
(2,820)	Other Grants & Contributions	(3,137)	(3,337)	(4,324)
(2,043)	VAT Windfall	0	0	0
3,606	Contributions to or (from) Specific Revenue Reserves	6,241	4,707	7,728
14,354	**Sub-total**	**19,775**	**19,717**	**19,877**
1,304	Contribution to or (from) General Revenue Reserve	1,065	1,130	1,108
15,658	**Budget Requirement**	**20,840**	**20,847**	**20,985**
(3,386)	Business Rates Retention Scheme	(8,023)	(8,030)	(8,168)
(85)	Council Tax (Surplus) / Deficit	(81)	(81)	(81)
12,187	**BALANCE TO BE MET FROM COUNCIL TAXPAYERS**	**12,736**	**12,736**	**12,736**
£224.50	**Council Tax at Band D (Borough Council only)**	**£238.16**	**£238.16**	**£238.16**

Factors that contributed towards the favourable variance include high interest returns from investments, higher income from our major income sources and additional Business Rate Grants. Offset by increased contributions to earmarked reserves.

The table below provides in more detail the reasons for the variation of £43,000 in the contribution to / (from) the General Revenue Reserve.

	Original Budget £'000	Actual £'000	Variance £'000
Business Rates	(6,184)	(6,328)	(144)
Salaries (see adjacent page)	13,668	13,664	(4)
Homelessness	622	1,237	616
Building Regulation Fees	(421)	(325)	96
Garden Waste Income	(1,390)	(1,463)	(73)
Recycling Performance Payments	(628)	(798)	(170)
Parking Income	(2,970)	(3,519)	(549)
Multiplier Grant (for Business Rates)	(464)	(1,272)	(808)
Health & Safety - Trees	80	149	69
Parking Fees & Charges	(1,290)	(1,059)	231
Planning Appeal Costs	50	418	368
Information Technology Software & Maintenance	1,021	1,101	80
Council Offices – Utility Costs	185	145	(40)
Investment Income	(2,478)	(3,326)	(848)
Building Repairs Reserve	(604)	(10)	594
Regen of Tonbridge Town Centre Reserve	1,850	3,666	1,816
Climate Change Reserve	418	(237)	(655)
Transformation Reserve	643	737	93
Homelessness Reserve	1,445	1,036	(410)
Other Reserve Movements	2,490	2,539	49
Other Grants	0	(378)	(378)
Other Variations	(4,978)	(4,869)	110
	1,065	**1,108**	**43**

An analysis of salaries is given in the table below. At 31 March 2025 the Council employed 262 permanent staff (31 March 2024: 261) or 233 full-time equivalents (31 March 2024: 230).

2023/24 Actual £'000		2024/25 Original Budget £'000	2024/25 Actual £'000	2024/25 Variance £'000
869	Administration & Property	1,061	1,052	(9)
1,762	Environmental Health & Housing	1,688	2,162	474
688	Executive	646	703	57
1,783	Finance	1,884	1,910	26
1,130	Information Technology	1,249	1,173	(76)
720	Legal	716	745	29
567	Personnel	711	697	(14)
2,790	Planning	2,852	2,912	60
1,350	Street Scene & Leisure	1,340	1,333	(7)
769	Technical	819	805	(14)
12,428	**Sub-total**	**12,966**	**13,492**	**526**
1,430	Superannuation Back funding	1,481	1,480	(1)
0	Staff Turnover Saving	(144)	0	144
31	Apprenticeship Scheme / Levy	56	36	(19)
0	Ring-Fenced Sums	14	0	(14)
13,889	**Sub-total**	**14,373**	**15,008**	**636**
(780)	Contributions from Earmarked Reserves	(705)	(1,344)	(640)
13,109	**TOTAL**	**13,668**	**13,664**	**(4)**

More detailed information on the Council's income and expenditure for the year at service budget level can be found in the Revenue and Capital Outturn booklet on the Council's website.

Capital Expenditure

The Council has a programme of capital investment that will assist in the achievement of the Council's strategic priorities and objectives. This investment includes the purchase of land and buildings; vehicles plant and equipment, and improvements to existing properties.

In February 2024 the Council set a capital budget of £6,853,000 net of specific government grants and other contributions all of which were to be met from the revenue reserve for capital schemes. The original budget was revised during the year to take account of the position at the end of 2023/24 and progress made on the Council's capital projects. The revised budget total was £4,947,000 which was to be met from the revenue reserve for capital schemes.

The Council's capital spend net of specific government grants and other contributions in the year, including work completed, but not yet billed was £2,886,000 which was met from the revenue reserve for capital schemes. The underspend of £3,967,000 can largely be attributed to a lower than anticipated spend on capital renewals, and the commencement of major projects being delayed until next year. A summary of capital expenditure by service is shown in the following table.

2023/24 Actual £'000	Service/Scheme	2024/25 Original Budget £'000	Revised Budget £'000	Actual £'000
0	Temporary Accommodation & Resettlement Scheme	0	400	0
10	Other Schemes	30	29	16
10	**Planning, Housing & Environmental Health**	**30**	**429**	**16**
116	Waste Collection Containers	120	167	242
4	Larkfield Leisure Centre	0	10	0
0	Angel Centre	0	150	13
131	Land Drainage & Flood Defense	1,228	1,228	128
38	Sports Grounds	0	83	107
81	Other Schemes	63	598	159
370	**Street Scene, Leisure & Technical**	**1,411**	**2,236**	**649**
118	Land and Property Development	3,205	600	878
49	Information Technology Initiatives	0	90	47
36	Other Schemes	0	0	94
203	**Corporate**	**3,205**	**690**	**1,019**
0	Planning, Housing & Environmental Health	0	0	0
340	Street Scene, Leisure & Technical	1,926	997	1,102
147	Corporate	281	595	100
487	**Capital Renewals**	**2,207**	**1,592**	**1,202**
1,070		**6,853**	**4,947**	**2,886**
823	Revenue Reserve for Capital Schemes	6,853	4,947	2,886
247	Capital Receipts	0	0	0
1,070	**TOTAL FUNDING**	**6,853**	**4,947**	**2,886**

More detailed information on the Council's Capital Plan for the year at service budget level can be found in the Revenue and Capital Outturn booklet on the Council's website.

Net Worth

The Balance Sheet gives details of what the Council owns in the way of assets such as property, plant and equipment; what the Council has invested; and amounts of money owed to and by the Council (Net Worth). The table below shows the Council's Net Worth is £137.63m as at 31 March 2025 (31 March 2024: £122.4m). The increase in net worth can be attributed to a number of factors which are explained in the Notes to the Core Financial Statements.

At 31 March 2024 £'000		At 31 March 2025 £'000
94,763	Council Assets	102,014
16	Inventories	19
54,858	Cash and Investments held	53,933
5,990	Money owed to the Council	7,350
(15,917)	Money owed by the Council	(12,981)
(11,132)	Long Term Liabilities	(9,815)
(6,127)	Pension Liability	(2,882)
122,451	TOTAL	137,638

This is represented by revenue balances and reserves of £39.9m available to fund services and £97.7m of other balances. A breakdown of the revenue balances and reserves is shown below.

At 31 March 2024 £'000		At 31 March 2025 £'000
9,436	Revenue Reserve for Capital Schemes	8,118
9,915	General Revenue Reserve	9,915
1,122	Building Repairs Reserve	1,112
3,250	Property Investment Fund Reserve	3,250
8,448	Earmarked Reserves	15,729
1,250	Revenue Balances - General Fund	1,250
357	Grants & Contributions Unapplied	504
0	Usable Capital Receipts Reserve	65
33,778	TOTAL	39,943

Council Assets

The Council's assets comprise Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Assets.

- Property, plant and equipment are assets that are held for use in the production or supply of goods and services or for administrative purposes and are expected to be used during more than one period.
- Heritage assets are defined as an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture.
- Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or the production of goods, or is held for sale.
- Intangible assets do not have physical substance but are identifiable and controlled by the Council through custody or legal rights. Intangible assets held by this Council currently consist of IT software and associated costs.

- The Code requires the Council to consider material changes in other assets not due for revaluation in the current year under the five-year rolling programme. Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net gain of £3,994,000, which is recognised in the revaluation reserve.

The External Valuers used during the valuation process, Wilks Head & Eve determined that no other property asset class required revaluation because of a notable change in value. The revaluation is carried out at the end of each year after accounting for depreciation and disposals. As at 31 March 2025 the total value of the Council's Assets was £102m (31 March 2024: £94.8m).

Borrowing

The Council had no recourse for short term or long term borrowing during the financial year and remained debt-free at 31 March 2025 and does not expect to borrow to support its capital programme within the next financial year.

Investments

Investments are broken down into internally managed core funds and cash flow surpluses (including cash equivalents). The Council prepares a Treasury Management Strategy Statement and Annual Investment Strategy as part of the Budget Setting Process each year. The Strategy for 2024/25 was approved by full Council in February 2024 and outlined the Council's approach to the management of risk, both in terms of security and liquidity of its investments. Investment performance is monitored during the year and a report on treasury management activity, including performance, is reported to each meeting of the Audit Committee. In addition, the Treasury Management Strategy Statement and Annual Investment Strategy and any revisions during the year are presented to the Audit Committee prior to consideration by Cabinet and Council approval to provide an independent scrutiny role.

The Council held a balance of £5m at the start of the year in Property Investment Funds, and no further sums were invested during the year. During the year, due to the scheme closure, the council received £1.3m of the investment held with Lothbury Investment Fund. The Council achieved a weighted average investment return of 3.94% on its property investment funds for the year. This equates to investment income of £146,526. At the end of March 2025, the value of the Council's property investment funds stood at £3.16m including the entry fee paid at the time the investment was made.

The Council held a balance of £4.25m in Multi-Asset Diversified Income Funds, and no further sums were invested during the year. The Council achieved a weighted average investment return of 4.92% on its multi-asset diversified income funds for the year. This equates to investment income of £209,630. At the end of March 2025, the value of the Council's multi-asset diversified income funds stood at £3.732m.

The decrease in the capital value of the long-term investments are a result of the current economic conditions which include the inflationary pressures on the UK economy. The fund valuations will fluctuate from year to year and any losses or gains will only be recognised on the sale of the investments.

The Council achieved an investment return of 5.39% on its core funds for the year. This equates to investment income of £1,422,168. At the end of March 2025, the value of the Council's core fund investments stood at £27.0m.

The Council achieved an investment return of 5.51% on its cash flow investments (including cash equivalents) for the year. This equates to investment income of £1,546,030. At the end of March 2025, the value of cash flow investments stood at £18.851m.

Further information on Treasury Management performance for the year ended 31 March 2025 can be found in the Treasury Management Outturn report annexed to the Revenue and Capital Outturn report to Cabinet in July 2025.

Cash Flow Statement

This table summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes.

2023/24 £'000		2024/25 £'000
(3,262)	Net (Surplus) / Deficit on the Provision of Services	(5,839)
4,287	Adjusting for Non-Cash Movements	(645)
285	Adjusting for Investing & Financing Activities	930
1,310	**Net Cash Flows from Operating Activities**	(5,554)
9,748	Investing Activities	(3,629)
(2,225)	Financing Activities	4,159
8,833	**NET (INCREASE) / DECREASE IN CASH RESOURCES**	**(5,024)**

Pension Fund

The Council is a member of the Local Government Pension Scheme, which is administered on behalf of the Council by Kent County Council. The Statement of Accounts reflects the full adoption of International Accounting Standard 19 (Retirement Benefits) (IAS19).

Pension costs charged to services are based on the cost of providing retirement benefits to employees in the period that the benefits are earned by the employee, rather than the actual cash contributions to the Pension Fund. This cost, referred to as the current service cost, is calculated by the Fund's actuary.

The net liability at 31 March 2025 was £2.8m (31 March 2024: £6.1m). The change in the pension fund deficit over the year is mainly dependent on asset returns, discount rates linked to corporate bond yields and market expectations of inflation, this year has seen significant increases in bond yields and inflationary effects which when taken together has resulted in a decrease in the pension fund deficit compared to the previous year.

During the financial year an asset ceiling was introduced in accordance with the requirements of IFRIC 14. The asset ceiling limits the recognition of a surplus in the pension scheme to the extent that it is recoverable through refunds or reductions in future contributions.

As a result of this change, the initial impact of applying the asset ceiling has been recognised in the financial statements, amounting to £8,722,000. This adjustment reflects the portion of the pension scheme surplus that is not considered to be an economic benefit available to the employer.

It is important to note that IAS 19 does not have any impact on the actual level of employer contributions. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields). The scheme has been assessed by Barnett Waddingham LLP, an independent firm of actuaries, on behalf of Kent County Council. The valuation in March 2022 gave a pension fund deficit of £3.5m and set the employers' contribution rate at 20.7% for the period 1 April 2023 to 31 March 2026. Employee contribution rates are set by the Government and range from 5.5% to 12.5%.

Further information relating to the assets, liabilities, income and expenditure of the pension scheme can be found in Note 12 to the accounts.

5. REVIEW OF THE YEAR

It was a year of major political change as Labour returned to power after 14 years. Cost-of-living pressures continued to bear down, causing concern for families, public services, councils and the NHS. While other local authorities struggled to balance the books, Tonbridge and Malling Borough Council showed financial resilience, seeking out innovative ways to continue to invest in services and support the local economy. Government plans for devolution and local government restructuring rapidly advanced, with TMBC leading the deep strategic work with neighbouring authorities.

- **April 2024:** Grants totalling more than £1.5 million boosted the council's ambitions for carbon neutral leisure centres by 2027.

- **May 2024**: Plans from the Community Safety Partnership were introduced to make Tonbridge and Malling a safer place to live and work, including the introduction of a new Anti-Social Behaviour Enforcement Team. Cllr Steve Hammond was appointed as the new Mayor of Tonbridge and Malling, taking over from Cllr James Lark.

- **June 2024**: Tonbridge Castle and other council owned venues hosted a packed schedule of entertainment including free Sunday afternoon concerts and Artisan Markets, helping to boost the local economy.

- **July 2024**: The new Labour Government took power, and with it came significant changes to the National Planning Policy Framework, prompting the council to halt progression to the next stage of developing its Local Plan.

- **August 2024:** In round two of the council's community development grant scheme, financed by the UK Shared Prosperity Fund, just over £131,000 was allocated to 45 groups in Tonbridge and Malling to improve the economic, social or environmental wellbeing of the borough.

- **September 2024:** More investment in our local communities occurred with a review of the first year of the pilot scheme to help improve the employment prospects of young people with learning disabilities, was hailed a success. The council provided a grant of £30,000 to kick-start the project, run with the Oaks Specialist College in Tonbridge. Meanwhile, residents and community groups were offered free use of a thermal imaging camera to identify areas of heat loss in their homes as part of ongoing efforts to support energy efficiency and sustainability in the borough.

- **October 2024**: Tonbridge and Malling Borough Council became one of the first authorities in the country to adopt new signage on taxi and private hire vehicles to make it easier for people to report concerns, provide reassurance that standards are being monitored and help customers feel safe.

- **November 2024**: Reports of Anti-social behaviour in Tonbridge and Malling dropped from 1,712 in summer 2023 to 1,290 in summer 2024. The reduction followed a number of council-led initiatives, including the new dedicated ASB patrols.

- **December 2024:** New state of the art gym facilities arrived at Larkfield Leisure Centre and the Angel Centre plus the extensive refurbishment of Tonbridge Swimming Pool's spa. Investment totalling £784k.

- **January 2025:** The Council announced a new leisure facility for Tonbridge to replace the existing Angel Centre. The announcement coincided with the launch of a survey to give residents and businesses a chance to share their priorities for the major redevelopment of the area east of the High Street around Sainsbury's. TMBC launched a £50,000, 50th Anniversary Community Grant Scheme for local groups and charities.

- **February 2025:** Landowners, developers and planning agents were asked to put forward potential sites for future development as the Local Plan got underway once more. New council tax rates were agreed, with an increase of just £7.14 a year to £245.30 on a typical band D home.

- **March 2025**: Proposals for the creation of a new town council for Tonbridge was agreed, as the site for the new Angel Centre at Sovereign Way Mid Car Park was announced. The council also secured a further £327,146 from the Government's UK Shared Prosperity Fund to fund more initiatives and continue to drive economic growth and social development across the borough.

Financial and Performance Statistics

- The Council collected 97.93% of the £121.8m of council tax due for the 2024/25 year (2023/24: 98.02% of the £115.3m due).
- The Council collected 99.29% of the £72m of business rates due for the 2024/25 year (2023/24: 99.4% of the £66.7m due).
- The Council paid 99.7% of the 6,024 invoices processed within 30 days of receipt in 2024/25 (2023/24: 99.7% of the 5,906 invoices processed).
- 95.8% of major planning applications and 81.02% of minor planning applications were determined within the recommended timeframe in 2024/25.

Transparency

As part of its commitment to openness and accountability the Council publishes a number of datasets under the heading Transparency in Local Government. Information provided includes:

- Payments the Council has made to suppliers.
- Senior officer remuneration.
- Allowances paid to Members.
- Prompt payment statistics.
- The cost of operating the Council's On and Off Street Car Parking.

Further details can be found on the Council's website.

6. THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY AND ISSUES FOR THE FUTURE

The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period. The Strategy affords the opportunity to take a measured and structured approach to budget pressures rather than a "knee jerk" reaction. The Strategy sets out the high level financial objectives the Council wishes to fulfil over the agreed time span, these include achieving a balanced revenue budget that delivers the Council's priorities and retaining a minimum of £3.0m in the General Revenue Reserve by the end of the strategy period and not falling below £2.0m at any time during the 10-year period. The general revenue reserve balance on 31 March 2025 is £11.02m (31 March 2024: £9.9m).

Since 2015/16 the Settlement Funding Assessment has decreased by some 28% or £1.0 million, from £3.7m to £2.7m, with Government Support for Core Spending decreasing by a similar amount from £6.9m to £6.0m. The fall in this core spending has been mainly due to changes to the New Homes Bonus, being partially offset by funding guarantees. In real terms, allowing for CPI inflation, the difference between the adjusted and actual grant levels is a reduction of £2.3m.

In the spring of 2025 the Government announced there would be a review of both Government Funding and the Business Rates Retention Scheme. This will cover all grant awards included in the Core Spending Power and several additional grants received through the Business Rates Retention Scheme. It is expected that the results of this consultation will be announced affecting the Local Government Finance Settlement for the 2026/27 financial year. The settlement announcement is expected to give details of funding until the end of this current Parliament in 2029.

For medium term financial planning purposes, it is assumed that government grant funding and business rates above the Council's baseline will steadily reduce from circa £9.67m in 2024/25 to £3.48m in 2028/29 because of accounting adjustments and assumptions made under the Business Rates

Retention review; before seeing a modest increase year on year thereafter. Following the review of the MTFS in February 2025, in which savings of £305,000 were identified and included in the 2025/26 budget, a revised savings target of £2,800,000 was identified. In addition to this savings target, some £825,000 in saving initiatives, covering office accommodation and homelessness reduction, have already been reflected within the MTFS.

Depending on the outcome of the review on funding and business rates by government there continues to be a risk that the funding gap could be materially different, either better or worse, to the one assessed within the MTFS for 2025/26.

The Council believes that our MTFS is resilient and the financial pressures likely to confront the authority can be addressed in a measured and controlled way, but this is becoming progressively more difficult.

That said, as in previous iterations of the MTFS the latest projected funding gap can be broken down into tranches to enable more measured steps to be taken, (Tranche 1 – £600,000 by April 2026; Tranche 2 – £750,000 by April 2028; Tranche 3 – £750,000 by April 2029 and Tranche 4 by April 2030).

It goes without saying that the Council faces a difficult and challenging financial outlook. Alongside the MTFS sits a Savings and Transformation Strategy (STS). The purpose of the STS is to provide structure, focus and direction in addressing the financial challenges faced by the Council. In so doing, it recognises that there is no one simple solution and as a result the Council will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale. The identification of the first tranche is underway with at least £300,000 of the target being reported to Cabinet at the end of the Summer.

More detailed information on the Council's Budget for 2025/26, the MTFS and the STS can be found on the Council's website.

Issues for the Future

The Council, going forward, amongst other issues, will need to give due consideration to:

- The outcome of the expected changes to Local Government Finance and Business Rates Retention;
- The Waste Services operation beyond the current contract period;
- The ongoing impact of the localisation of council tax support;
- The impact of any announcement of the Local Government Reorganisation within Kent;
- Climate Change agenda and associated costs; and
- Changes to planning regulations.

The increased volatility and uncertainty attached to a number of these issues is such that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance and Transformation.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

The Director of Finance and Transformation's Responsibilities

The Director of Finance and Transformation is responsible for the preparation of the authority's Statement of Accounts in accordance with the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25* ('the code').

In preparing this Statement of Accounts, the Director of Finance and Transformation has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the code.

The Director of Finance and Transformation has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

By signing the Statement of Accounts, the Director of Finance and Transformation is stating that the Accounts present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2025.

This Statement of Accounts is authorised for issue by the Director of Finance and Transformation at the date given below.

Signed

[redacted]

Sharon Shelton BSc (Hons) FCPFA
Director of Finance and Transformation

Dated 31st May 2025

Signed

Councillor Robert Cannon
Chair of the Audit Committee

Dated

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24 Gross Exp £'000	Income £'000	Net Exp £'000		Notes	2024/25 Gross Exp £'000	Income £'000	Net Exp £'000
			Continuing Operations				
2,417	422	1,995	Corporate Services		2,459	362	2,097
1,970	902	1,068	Chief Executive		2,223	1,273	950
1,522	765	757	Director of Central Services		2,731	1,021	1,710
27,200	25,754	1,446	Director of Finance & Transformation		26,241	24,729	1,512
11,442	4,585	6,857	Director of Planning, Housing & Environmental Health		12,421	5,583	6,838
15,079	5,884	9,195	Director of Street Scene, Leisure & Technical Services		15,571	6,570	9,001
59,630	**38,312**	**21,318**	**Cost of Services**		**61,646**	**39,538**	**22,108**
			Other Operating Expenditure				
121	0	121	Gain on Sale of Non-Current Assets	8	11	65	(54)
3,3731		3,731	Parish Council Precepts		3,803		3,803
484		484	Drainage Board Levies		503		503
0	2,042	(2,042)	Exceptional Item	6			0
			Financing & Investing Income & Expenditure				
133	383	(250)	Trading Undertakings	10	82	406	(324)
	3,362	(3,362)	Interest & Investment Income	11		3,685	(3,685)
365		365	Net Interest on Defined Benefit Liability	12	212		212
42	205	(163)	(Gain) / Loss Arising from Changes in the Fair Value of Investment Properties	8	112	42	70
			Fair Value of Leased Assets			131	(131)
			Taxation & Non-Specific Grant Income & Expenditure				
52	16,004	(15,952)	Council Tax	13	112	16,620	(16,508)
26,262	26,938	(676)	National Non-Domestic Rates	13	29,536	32,879	(3,343)
	6,096	(6,096)	General Government Grants	14	0	7,495	(7,495)
	284	(284)	Capital Grants & Contributions	14	0	995	(995)
91,071	**94,333**	**(3,262)**	**(Surplus) / Deficit on Provision of Services**		**96,017**	**101,856**	**(5,839)**
			Other Comprehensive Income & Expenditure				
		(3,896)	(Surplus) / Deficit Arising on Revaluation of Non-Current Assets	8			(7,756)
		(1,782)	Remeasurement of the Net Defined Benefit Liability (Pensions)	12			(1,592)
		(8,940)	**TOTAL COMPREHENSIVE INCOME AND EXPENDITURE**				**(15,187)**

MOVEMENT IN RESERVES STATEMENT

2023/24								2024/25					
General Fund & Reserve Balances	Contrib's Unapplied	Usable Capital Receipts	Total Usable Reserves	Unusable Reserves	Total Reserves			General Fund & Reserve Balances	Contrib's Unapplied	Usable Capital Receipts	Total Usable Reserves	Unusable Reserves	Total Reserves
£'000	£'000	£'000	£'000	£'000	£'000		Notes	£'000	£'000	£'000	£'000	£'000	£'000
29,338	352	247	29,937	83,574	113,511	**BALANCE AT 1 APRIL**		33,421	357	0	33,778	88,673	122,451
3,262	0	0	3,262	5,678	8,940	**Total Comprehensive Income & Expenditure**		5,839	0	0	5,839	9,348	15,187
						Adjustments Between Accounting Basis & Funding Basis Under Regulations							
2,514			2,514	(2,514)	0	Depreciation & Amortisation of N-C Assets	8	2,693			2,693	(2,693)	0
996			996	(996)	0	Impairment of Non-Current Assets	8	1,437			1,437	(1,437)	0
(619)			(619)	619	0	Fair Value of Investment Properties	8	70			70	(70)	0
						Fair Value of Lease Properties	10	(131)			(131)	131	0
						Minimum Revenue Provision	10	(84)			(84)	84	0
(122)	5		(117)	117	0	Grants & Contributions		(991)	147		(844)	844	0
(1,366)			(1,366)	1,366	0	Net Charges made for Retirement Benefits	12	(1,653)			(1,653)	1,653	0
121			121	(121)	0	Gain on Disposal of Non-Current Assets	8	(55)			(55)	55	0
(232)			(232)	232	0	Council Tax / NNDR - Actual Surplus / Deficit	13	1,854			1,854	(1,854)	0
(69)			(69)	69	0	Employee Benefits - Accrued Annual Leave	15	(17)			(17)	17	0
(666)			(666)	666	0	Capital Exp. Charged to the General Fund		(2,646)			(2,646)	2,646	0
264			264	(264)	0	Unrealised Gains / Losses on Long Term Inv Funds		(362)			(362)	362	0
0		(247)	(247)	247	0	Capital Receipts	16			65	(65)	65	0
4,083	**5**	**(247)**	**3,841**	**5,099**	**8,940**	**Net Increase / (Decrease) in Reserves**		**5,954**	**147**	**65**	**6,166**	**9,021**	**15,187**
33,421	**357**	**0**	**33,778**	**88,673**	**122,451**	**BALANCE AT 31 MARCH**		**39,375**	**504**	**65**	**39,944**	**97,694**	**137,638**

BALANCE SHEET

At 31 March 2024 £'000	£'000		Notes	At 31 March 2025 £'000	£'000
		Long Term Assets			
	69,719	Property, Plant & Equipment	8	73,043	
	19,424	Heritage Assets	8	23,418	
	5,525	Investment Properties	8	5,455	
	95	Intangible Assets	8	98	
102,611	7,848	Long Term Investments	11	6,920	108,934
		Current Assets			
	32,805	Short Term Investments	11	27,784	
	16	Inventories		19	
	6,520	Short Term Debtors	18	7,350	
53,546	14,205	Cash & Cash Equivalents	19	19,229	54,382
		Current Liabilities			
(16,447)	(16,477)	Short Term Creditors	20	(12,981)	(12,981)
		Long Term Liabilities			
	(5,210)	Provisions	21	(2,646)	
	(6,127)	Pensions Liability	12	(2,882)	
(17,259)	(5,922)	Grants & Contributions in Advance	22	(7,169)	(12,697)
122,451		**NET ASSETS**			**137,638**
		Reserves			
		Usable Reserves			
	32,171	Reserves	17	38,124	
	1,250	General Fund		1,250	
	357	Grants & Contributions Unapplied	22	504	
33,778	0	Usable Capital Receipts Reserve	16	65	39,943
		Unusable Reserves			
	42,768	Capital Adjustment Account	23	43,398	
	51,994	Revaluation Reserve	24	58,615	
	(1,447)	Pooled Investment Funds Adjustment A/c	11	(1,085)	
	1,617	Collection Fund Adjustment Account	13	(236)	
	(132)	Employee Benefits - Accrued Leave	15	(115)	
88,673	(6,127)	Pensions Reserve	12	(2,882)	97,695
122,451		**TOTAL RESERVES**			**137,638**

I certify that this Draft Statement of Accounts provides a true and fair view of the financial position of the Council as at 31 March 2025 and its Comprehensive Income & Expenditure Statement for the year then ended.

[redacted]

Sharon Shelton BSc (Hons) FCPFA
Director of Finance and Transformation

CASH FLOW STATEMENT

2023/24 £'000	2023/24 £'000		2024/25 £'000	2024/25 £'000
(3,262)		**NET (SURPLUS) / DEFICIT ON PROVISION OF SERVICES**		(5,839)
		Adjust Net (Surplus) / Deficit on the Provision of Services for Non-Cash Movements		
	(2,514)	Depreciation & Amortisation	(2,693)	
	(996)	Impairment & Downward Valuations	(1,437)	
	3	Increase / (Decrease) in Inventories	2	
	3,755	Increase / (Decrease) in Debtors	24	
	(225)	(Increase) / Decrease in Impairment for Bad Debts	99	
	3,097	(Increase) / Decrease in Creditors	1,444	
	1,366	Movement in Pension Liability	1,862	
	(121)	Carrying Amount of Non-Current Assets Sold or Derecognised	(11)	
	(78)	Other Non-Cash Items Charged to the Net Surplus / Deficit on the Provision of Services	(274)	
4,287				(645)
		Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing & Financing Activities		
	0	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	(65)	
	285	Any Other Items for Which the Cash Effects are Investing or Financing Cash Flows	995	
285				930
1,310		**NET CASH FLOWS FROM OPERATING ACTIVITIES**		**(5,554)**
		INVESTING ACTIVITIES		
	957	Purchase of Property, Plant & Equipment, Investment Property and Intangible Assets	3,021	
	29,000	Purchase of Short-Term & Long-Term Investments	18,000	
	0	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	65	
	(20,000)	Proceeds from Short-Term & Long-Term Investments	(24,277)	
	(209)	Other Receipts from Investing Activities	(439)	
9,748		**NET CASH FLOWS FROM INVESTING ACTIVITIES**		**3,629**
		FINANCING ACTIVITIES		
	(2,225)	Other Payments for Financing Activities	4,159	
(2,225)		**NET CASH FLOWS FROM FINANCING ACTIVITIES**		**4,159**
8,833		**NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS**		**(5,024)**
23,038		Cash & cash equivalents at the beginning of the reporting period		14,205
14,205		Cash & cash equivalents at the end of the reporting period		19,229

NOTES TO THE CORE FINANCIAL STATEMENTS

1. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25		
Net Expenditure Chargeable to General Fund & Reserve Balances £'000	Adjustments Between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000		Net Expenditure Chargeable to General Fund & Reserve Balances £'000	Adjustments Between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
3,433	(1,438)	1,995	Corporate Services	3,746	(1,649)	2,097
1,068	0	1,068	Chief Executive	950	0	950
744	12	756	Director of Central Services	1,701	8	1,709
1,446	0	1,446	Director of Finance & Transformation	1,509	4	1,513
5,867	990	6,857	Director of Planning, Housing & Environmental Health	6,792	46	6,838
6,888	2,307	9,195	Director of Street Scene, Leisure & Technical Services	5,245	3,757	9,001
19,446	**1,871**	**21,317**	**Net Cost of Services**	**19,943**	**2,165**	**22,108**
2,173	122	2,294	Other Operating Expenditure	4,306	(54)	4,252
(3,208)	(657)	(3,865)	Financing & Investing Income & Expenditure	(1,002)	(2,856)	(3,858)
(22,493)	(516)	(23,008)	Taxation & Non-Specific Grant Income & Expenditure	(29,200)	859	(28,341)
(4,082)	**820**	**(3,262)**	**(SURPLUS) / DEFICIT ON PROVISION OF SERVICES**	**(5,953)**	**113**	**(5,839)**
29,339			**OPENING GENERAL FUND & RESERVE BALANCES**	**33,421**		
(4,082)			(Surplus) / Deficit on Provision of Services	(5,953)		
33,421			**CLOSING GENERAL FUND & RESERVE BALANCES**	**39,374**		

Further information on the adjustments between the funding and accounting basis can be found in the Movement in Reserves Statement.

2. ACCOUNTING POLICIES

a) General

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year-end. The Accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25*. The Code is based on levels of approved accounting standards:

- International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).
- International Accounting Standards (IAS) approved by the International Accounting Standards Committee (IASC).
- Interpretations originating from the International Financial Reporting Interpretations Committee (IFRIC).
- Interpretations originating from the Standing Interpretations Committee (SIC).
- International Public Sector Accounting Standards (IPSAS) approved by the International Public Sector Accounting Standards Board (IPSASB).
- Financial Reporting Standards (FRS) approved by the Accounting Standards Board (ASB).
- Statements of Standard Accounting Practice (SSAP) approved by the Accounting Standards Committee (ASC).
- Urgent Issues Task Force's (UITF) Abstracts.

The accounting convention adopted for the preparation of these Accounts is a historical cost basis modified for the revaluation of certain categories of assets.

b) Qualitative Characteristics of Financial Information

- Relevance - in accordance with IAS 8 (Accounting Polices, Changes in Accounting Estimates and Errors) the objective of the principal statements is to provide information on the Council's financial performance that is useful for assessing the stewardship of public funds and for making economic decisions.
- Reliability - the financial information can be depended upon to represent accurately the substance of the transactions that have taken place. The Accounts are unbiased, free from material error, have been prepared in a prudent manner and have included all issues that would assist users to make adequate decisions on the Council's financial standing.
- Comparability - the Accounts contain comparative information about the Council so that performance may be compared with a prior period.
- Understandability - although a reasonable knowledge of accounting and local government is required, all efforts have been made in the preparation of the financial statements to ensure that they are as easy to understand as possible.
- Materiality - an item of information is material to the Accounts if its misstatement or omission might reasonably be expected to influence assessments of the Council's stewardship and economic decisions.

c) Accounting Concepts

- Going concern – it is assumed that the Council will continue in operational existence for the foreseeable future and accordingly the Accounts have been prepared on a going concern basis.
- Accruals - the financial statements, other than the Cash Flow Statement, have been prepared on an accruals basis. The accruals basis requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

- Primacy of legislation - local authorities derive their power from statute and their financial and accounting framework is closely controlled by legislation. Where there is conflict between a legal requirement and an accounting standard, the legal requirement will take precedence.

d) Accruals and Revenue Recognition

Income and expenditure is accrued to ensure that it is accounted for in the year to which it relates, not when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue against financing and investment income and expenditure, for the income that might not be collected.
- There is a de-minimis limit for revenue accruals of £1,000 and there is a de-minimis limit of £10,000 for capital scheme accruals (this can be made up of multiple invoices). Transactions below this limit are not generally accrued for as they are deemed immaterial to the understanding of the accounts. There will be exceptions where accruals are raised below these limits, depending on the nature of the transaction.
- Revenue relating to council tax and business rates will be recorded at the full amount receivable, net of any impairment losses. These transactions are deemed to be of a non-contractual, non-exchange nature in that there is no difference between the delivery of services and the payment of the debt raised.
- Income from garden waste customers is apportioned between years to account for the service that they have paid for in the current and following financial years.

Where income or expenditure has been recognised within the income and expenditure account, but cash has not been received or paid, a debtor or creditor for the amount stated will be recorded on the Balance Sheet. Where debts raised may not be settled, the balance of debtors will be adjusted by an impairment adjustment charged to the revenue account.

Exceptions to these principles are electricity, gas and similar periodical payments (excluding council offices) which are charged at the date of meter reading rather than being apportioned between financial years; and penalty charge notices, income from car parks, land charges income, licensing fees and planning application and building control fees which are accounted for on the day of receipt. This policy is consistently applied each year and its effect on the Accounts is not considered to be material.

e) Assets Held for Sale

Non-current assets that have been identified for sale by the Council will be reclassified as current assets when the asset is being actively marketed and has a high probability of sale within twelve months of the Balance Sheet date.

f) Cash and Cash Equivalents

Internally managed investments of three months or less from the date of acquisition will be recognised as cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value). Externally Managed funds normally comprise of investments that cannot be easily realised and are excluded from this heading.

g) Council Tax and National Non-Domestic (Business) Rates

The Council is a billing authority which is required to bill local residents and businesses for Council Tax and National Non-Domestic Rates respectively. The Council acts as an agent for Kent County Council, Police and Crime Commissioner for Kent and Kent Fire and Rescue in respect of Council Tax and as such the Accounts show the amount owed by and to taxpayers in respect of our proportion of the Council Tax and the major precepting authorities as a net debtor or creditor.

Similarly, the Council acts as an agent for the Government, Kent County Council and Kent Fire and Rescue in respect of Business Rates and as such the Accounts show the amount owed by and to taxpayers in respect of our proportion of the Business Rates and the other bodies covered by the Business Rates Retention scheme as a net debtor or creditor.

In addition, included in the Comprehensive Income and Expenditure Statement is our share of the Collection Fund surplus/deficit for the year in respect of Council Tax and Business Rates, which is subsequently reversed within the Movement in Reserves Statement to the Collection Fund Adjustment Account in the Balance Sheet.

h) Contingent Assets and Liabilities

Contingent assets should not be recognised in the accounting statements, they should be disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures should indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities should not be recognised in the accounting statements, they should be disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability the Council should disclose the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

i) Debt Write-Off

The Director of Finance and Transformation approves and/or recommends the write-off of debt where efforts to collect the sums have failed and any further action would be uneconomic or impractical, or in the opinion of the Director of Finance and Transformation, there is a valid reason for not pursuing the debt. In order to mitigate the financial impact of write-offs the Director of Finance and Transformation makes an impairment allowance taking into account the size and age of the debt outstanding and the likelihood of recovery.

j) Employee Benefits

Under the Code employee benefits are accounted for when the Council is committed to pay an employee. Employee benefits are split into three categories.

Benefits Payable during Employment

This covers:

- Short-term employee benefits, such as salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees.
  Benefits earned by current employees, but payable twelve months or more after the end of the reporting period (e.g. long-service awards).

Termination Benefits

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee the known liability is recognised at the earlier of when the authority can no longer withdraw the offer of these benefits or when the authority recognises the costs of a restructure will involve the payment of termination benefits, any enhanced retirement benefits paid by the employer are accounted for on a cash basis.

Post-Employment Benefits

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time employees earn their future entitlement. The Local Government Pension Scheme is administered locally by Kent County Council – this is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2014, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Under IAS 19, the employer recognises as an asset or liability the surplus / deficit in a pension scheme. The surplus/deficit in a pension scheme is the excess/shortfall of the value of assets when compared to the present value of the scheme liabilities. A prerequisite of the introduction of IAS 19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the Council's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. The Balance Sheet will show the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The most recent actuarial valuation was on 31 March 2022 and will determine contribution rates for the three-year period from April 2023 to March 2026.

k) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Accounts are authorised for issue.

The authorised for issue date is:

- When the Accounts are signed by the Council's Section 151 Officer for approval by Members and published with the audit opinion and certificate which should be by no later than 27 February 2026.

Events arising after the Balance Sheet date and before either of the two dates above will be reflected in the Accounts if they provide additional evidence of conditions that existed at the Balance Sheet date and materially affect the amounts to be included (adjusting events). Such events:

- could materially alter an estimate of, for example, debtors, creditors or an impairment allowance previously identified in the accounting processes;
- could substitute a materially different actual figure for an estimate; or

- could reflect a permanent impairment or betterment in the financial position, but only where the originating event took place prior to the year-end and the amounts are considered material to the Accounts.

l) Exceptional Items and Prior Period Adjustments

Exceptional items, when they occur, are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the Accounts. A description of any exceptional items will be given within the notes to the Accounts.

Prior period adjustments arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions for the year in which they are identified and are accounted for accordingly. Material adjustments applicable to prior periods arising from changes in accounting policies or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period and adjusting the appropriate opening balances for the cumulative effect.

m) Financial Instruments

Financial instruments are broken down between financial assets (cash, investments and some categories of debtors) and financial liabilities (loans payable and some categories of creditors).

Although there are three classifications for the valuation of financial instruments, only two are relevant to the types of investments held by the Council, being either amortised cost or fair value through profit and loss (Comprehensive Income and Expenditure Statement).

Debtors and creditors are measured at fair value and are carried in the Balance Sheet at amortised cost.

Investments are broken down in two ways. Firstly, by maturity, in that any investment with a maturity date of more than 364 days after the Balance Sheet date will be classed as long-term and less than as short-term; and secondly by class of asset such as amortised cost or fair value through profit and loss.

Loans and receivables are assets that have fixed or determinable payments, but are not quoted in an active market, these are measured at fair value and are carried on the Balance Sheet at amortised cost.

Assets classified as fair value through profit and loss have a quoted active market price and do not have fixed or determinable payments. These are measured and carried on the Balance Sheet at fair value through profit and loss.

Accrued interest is shown as part of the investment balance. This is a departure from the Code which requires accrued interest to be shown as part of the debtors balance. Accrued interest receivable within 364 days of the Balance Sheet date will be recognised as part of the short-term investment balance on the Balance Sheet, irrespective of the date of maturity of the investment.

Gains and losses in relation to investments are recognised within the Comprehensive Income and Expenditure Statement under interest and investment income. Statute however requires unrealised gains and losses on investments classified as fair value through profit and loss to be subsequently transferred via the Movement in Reserves Statement to the Balance Sheet.

n) Foreign Currency Transactions

Any gains or losses arising from exchange rate fluctuations will be charged to the Comprehensive Income and Expenditure Statement in the year of payment or receipt.

o) Government Grants and Other Contributions

Revenue grants received are accrued and credited to the Comprehensive Income and Expenditure Statement in the same period as the related expenditure was incurred.

Grants specific to a service will be shown against that service expenditure line. General grant, e.g. Revenue Support Grant and New Homes Bonus are credited and disclosed separately in the Comprehensive Income and Expenditure Statement under taxation and non-specific grant income.

Capital grants and contributions (such as Section 106 developer contributions) received will be credited in full to the Comprehensive Income and Expenditure Statement on receipt where there are no conditions attached to its use, and in the year that the capital expenditure is incurred where there are conditions attached to its use.

p) Inventories

Inventories are valued at the latest price paid. This is a departure from the requirements of the Code and IAS 2 (Inventories), which require stocks to be shown at actual cost or net realisable value, if lower. The difference in value is not considered to be material.

q) Leases

The Authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In the financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and the useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

The Council currently has no finance lease arrangements.

Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

r) Non-Current Assets

The Council has set a de-minimis level of £10,000 for the purposes of capital expenditure. In the case where the individual value of an item, e.g. IT equipment is below the de-minimis level, but the aggregate value of similar items purchased in the year exceed the de-minimis level the expenditure may be treated as capital expenditure.

Property, Plant and Equipment

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services or for administrative purposes and expected to be used during more than one period.

Property, plant and equipment is split into five classes as described below.

Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets
Community Assets	Assets Under Construction	

The policy for each type of asset is explained as follows.

<u>Land and Buildings</u>

The Borough Council has a policy of revaluing its property assets on a rolling programme such that the intervals between valuations do not exceed 5 years. The programme is as follows:

Asset Category	**Year of Valuation**	
Public Conveniences	2019/20	Completed
Council Offices	2020/21	Completed
Car Parks	2021/22	Completed
Leisure Premises	2022/23	Completed
Properties for Community Use	2023/24	Completed
Public Conveniences	2024/25	Completed
Car Parks	2024/25	Completed

In addition to the valuation of the asset category above the Code requires the Council to consider material changes in other asset classes not due for revaluation in year under the five year rolling programme. The Council's external valuers will also undertake interim valuations of the Council's three main Leisure facilities. The Council's external valuers will also advise annually on any further work required to identify material changes in asset valuations.

The valuations reviews are carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institution of Chartered Surveyors (RICS) and based on the market value for existing use or where a market value cannot be determined as the property is of a specialist nature the depreciated replacement cost. The method used on the current year's valuation will be explained in the notes to the Accounts. Items of plant that are integral to the operation of a building are included in the valuation for that building.

All buildings are subject to straight line depreciation over their estimated useful lives which range between 15 and 125 years depending on the building. In accordance with the Code land is not depreciated.

The Note to the Core Financial Statements in respect of Non-Current Assets provides details of the asset class, Land and Buildings, rather than for each of the categories listed above that make up that asset class. This departure from the requirements of the Code has no financial impact and is not considered to detract from the message being given to the reader of the accounts.

Under the Code, the Council is required to consider componentisation of significant parts of an asset, where they are of a material financial nature or have significantly differing life expectancies. The Council, following a review of the property, plant and equipment asset registers has decided that the Council's offices and major leisure facilities will be the subject of componentisation if the replacement value of the component is significant in relation to the gross book value of the asset.

Vehicles, Plant and Equipment

Vehicles, Plant and Equipment, other than plant that is integral to the operation of a building, are recognised in the Balance Sheet at historic cost and are subject to straight line depreciation over a period of between 2 and 30 years.

Infrastructure Assets

These are non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of Infrastructure Assets are street furniture, footpaths and signage.

These assets are carried on the Balance Sheet at historic cost and are subject to straight line deprecation over a period of between 3 and 40 years.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of Community Assets are parks and open spaces.

These assets are carried on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

Assets under Construction

This covers assets not yet ready for operational use, but expected to be operational within twelve months of the Balance Sheet date. Assets under Construction are not subject to revaluation or depreciation.

Heritage Assets

Heritage assets are defined as historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture.

Heritage assets where the Council holds information on their cost or value are to be recognised on the Balance Sheet which will normally be its insured value. Where the Council does not hold information on the cost or value and it is considered that the cost of obtaining this information outweighs the benefit to the reader of the accounts such details as the Council holds are to be included in the notes to the financial statements.

Heritage assets are not subject to depreciation.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. The fair value of these assets can be attributed in three ways.

- Level 1 - Quoted prices in active markets for identical assets/liabilities that the authority can access at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability.

For the purposes of investment property, fair value will be determined at level 2 using market knowledge and indices on market values of compatible properties.

Properties are subject to revaluation on an annual basis in accordance with market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals income received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are, therefore, reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Investment properties are not subject to depreciation.

Intangible Assets

These are non-current assets that do not have physical substance but are identifiable and controlled by the Council through custody or legal rights. Intangible Assets held by this Council currently consist of IT software and associated costs.

Intangible Assets are recognised on the Balance Sheet at historic cost, are not subject to revaluation, but are amortised over their useful economic life assessed to be 5 years for IT software and associated costs.

Impairment of Non-Current Assets

A review for impairment of a non-current asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in a non-current asset's market value during the period.
- evidence of obsolescence or physical damage to the non-current asset.
- a significant adverse change in the statutory or other regulatory environment in which the Council operates; and

- a commitment by the Council to undertake a significant reorganisation.

In the event that impairment is identified the value will either be written off to the revaluation reserve, where sufficient reserve levels for that asset exist or written off to revenue through the Comprehensive Income and Expenditure Statement. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer assessing the value of the impairment.

Gains or Losses on Disposal of Non-Current Assets

When an asset is disposed of or de-commissioned, the net book value of the asset and the receipt from the sale are both charged to the Comprehensive Income and Expenditure Statement which could result in a net gain or loss on disposal.

Receipts in excess of £10,000 are categorised as capital receipts. The receipt is required to be credited to the usable capital receipts reserve and can only be used to finance capital expenditure. Receipts below £10,000 are considered de-minimis and treated as revenue.

The net gain or loss on disposals has no impact on taxation requirements as the financing of non-current assets is provided for under separate arrangements.

s) Overheads

The majority of management and administrative expenses, including buildings, are allocated to Services. Costs of Support Services are allocated on the basis of estimated time spent by officers on Services and costs of buildings are apportioned on a floor area basis.

t) Provisions

The Council sets aside provisions for liabilities or losses that are either likely to, or certain to be incurred, but uncertain as to the amount or the date on which they will arise. Provisions are recognised when:

- the Council has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

u) Reserves

The Council maintains both general and earmarked reserves. General reserves are to meet general rather than specific future expenditure and earmarked reserves, such as the building repairs reserve are for specific purposes. No expenditure is charged directly to a reserve, but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement, this is then offset by a reserve appropriation within the Movement in Reserves Statement.

v) Revenue Expenditure Funded from Capital Under Statute

This is expenditure of a capital nature on non-current assets not owned by the Council, for example house renovation grants. Under the Code this is revenue expenditure and as such the expenditure is charged in full to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year it is incurred. Statute, however, allows such expenditure to be funded from capital resources. In our case such expenditure is mainly funded from revenue or reserves.

w) Value Added Tax (VAT)

VAT is included within the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

3. COVID-19 AND ENERGY SUPPORT MEASURES GRANT FUNDING

Over recent years the Council has received funds from Central Government to assist with the effects of Covid 19 and Energy price increases. During 2023/24 the Council received a grant for alternative energy support the amount paid to Taxpayers was £68,400, the total grant received from central Government amounted to £518,720 and the unspent balance of £450,320 was returned to Central Government in the accounting year.

4. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

International Accounting Standard 8 requires the Council to disclose the expected impact of new standards that have been issued, but not yet adopted.

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable

- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

None of the above standards, when adopted, are expected to have a material impact on the Council's financial statements.

5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out at Note 2 the authority has to make judgements and estimates about complex transactions or those involving uncertainty about future events. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The critical judgements made in preparing the Council's 2024/25 accounts are as follows:

- The Council is acting as guarantor for the pension liability of Tonbridge and Malling Leisure Trust. If the Trust fails to meet its obligations to the Fund, the Council will be called upon to cover these liabilities. As at the 31 March 2025, the liabilities were estimated at nil value, calculated under FRS 102, (31 March 2024: £0.3m) however, as the Trust remains a going concern recourse to such a guarantee is considered remote; and is not one and the same as the actual liability if the guarantee was to be called on. An indicative cessation report of the estimated liability is obtained at each triennial valuation, the most recent being £756,000 as at March 2022 and if required would be funded from reserves. In arriving at this conclusion, the Authority has used two Barnett Wadddingham Actuarial reports for the Leisure Trust that had been supplied by the Pensions Team at Kent County Council, these reports provide the details of the FRS 102 liability and the liability assessed for Pension Contributions. Furthermore, Council Officers regularly meet with the Trust and are advised of their financial position.

- In respect of valuations for the Council's car parks, the Council's valuer has concluded that those car parks where no charges are made for the duration of the stay should be valued as de-minimus and recorded on the Council's balance sheet at a nil value. It is considered that in existing use and existing restrictions, placed via the Council's Parking Order, there is no active market for sale for these car parks. In the event that the Parking Order is changed or revoked, allowing the charging or sale of a car park, giving rise to a change in values, a revaluation would take place at that point.

In addition to this Service Directors are asked to complete Service Assurance Statements in order to support the Annual Governance Statement, asking for details of any issues that could cause impact on to the Council's Accounts or future financial stability. All reported no issues.

Estimation Uncertainty

There will be numerous issues that will impact on the finances of local authorities as a result of the Covid-19 pandemic, the current global economic conditions and cost of living crisis. Specific areas within the financial statements include:

- Short Term Debtors, collectability of debt – It is prudent to establish a provision (impairment allowance) for non-payment of debt. The impact of the current global economic conditions and 'cost of living crisis' could potentially have an adverse impact on collectability of debt and will be the subject of ongoing review. That being said, the Council has an excellent collection rate for debt recovery on Council Tax and NNDR and the levels of provision held accounts for a significant proportion of the total debt outstanding as at 31st March 2025.

In arriving at these conclusions, the following has been considered:

The cost-of-living crisis continues to have an effect on the nation as a whole. As part of the Council's financial monitoring collection rates for the main income to the Council covering major income streams, Council Tax and NNDR are monitored monthly. At the present time, current rates of collection, on Council Tax and NNDR are in line with prior year expectations but will be kept under review. Outstanding debt and provisions are shown in note 18 and note 6 to the Collection fund shows that the Council holds significant provisions for Bad Debt and therefore any additional adjustments would be considered remote.

6. EXCEPTIONAL ITEMS AND EVENTS AFTER THE BALANCE SHEET DATE

- In preparing these accounts the Council is required to consider events that may have an impact on the accounting statements since 31 March 2025. In respect of the Councils Long Term Investments. Lothbury Property Trust took the decision to wind up the fund and are in the process of selling off the property assets. Funds are being distributed upon the completion of these sales. The final sales will take place in 2025/26, therefore, any losses or gains will be recognised upon the full surrender of invested funds.
- During the financial year, a payment of £400,000 was made to Kent County Council (KCC) for the removal of restrictive covenants associated with the Gibson Building, which serves as the Council's primary administrative offices. This strategic action is intended to facilitate the partial refurbishment of the site, with the longer-term objective of selling the remaining portion of the property. The expenditure has been accounted for as a revenue cost in the financial statements and is shown under Net Cost of Services in the CIES.

- The Council received a payment of £250,000 from Sainsbury's in consideration for the release of restrictive covenants over one of their properties. The income has been accounted for as revenue income in the financial statements and is shown under Net Cost of Services in the CIES.
- Bushy Woods Planning Appeal – as mentioned under contingent liabilities in the 2023/24 Statement, the Council paid legal fees associated with the planning appeal amounting to £311,000. This amount was funded from an earmarked reserve.

In 2023/24 the Council received a VAT repayment of £2,042,496. This relates to an historic VAT Claim for overpaid VAT in relation to Sports & Leisure Services.

7. SEGMENT REPORTING

The Council is required to present information on reportable segments. Reporting segments are to be based on an authority's internal management reporting arrangements.

Corporate Services: Services under this heading include democratic representation including payments to members and corporate management.

Chief Executive: Services under this heading include elections and economic development.

Director of Central Services: Services under this heading include local land charges and licences.

Director of Finance and Transformation: Services under this heading include housing benefits and local council tax support.

Director of Planning, Housing and Environmental Health: Services under this heading include planning and building control, homelessness, housing advice and environmental protection.

Director of Street Scene, Leisure and Technical Services: Services under this heading include refuse collection and recycling, amenity and street cleansing, leisure centres, parks and open spaces and on and off-street parking.

The following tables provide an analysis of the Council's revenue income and expenditure on a segmental reporting basis and reconciliations to the Comprehensive Income and Expenditure Statement.

Service Analysis

2023/24								2024/25						
Corporate Services £'000	Chief Executive £'000	Director of Central Services £'000	Director of Finance & Transformation £'000	Director of Planning, Housing & Env Health £'000	Director of Street Scene, Leisure & Technical Services £'000	Total £'000		Corporate Services £'000	Chief Executive £'000	Director of Central Services £'000	Director of Finance & Transformation £'000	Director of Planning, Housing & Env Health £'000	Director of Street Scene, Leisure & Technical Services £'000	Total £'000
							Income							
351	562	1,057	873	2,543	5,849	11,235	Fees, Charges & Other Service Income	303	523	1,352	881	3,069	6,567	12,695
			3,626			3,626	Interest & Investment Income	0	0	0	3,326	0	0	3,326
	340	91	24,970	2,042	79	27,522	Grants & Contributions	39	750	75	23,598	2,513	3	26,978
351	**902**	**1,148**	**29,469**	**4,585**	**5,928**	**42,383**	**Total Income**	**342**	**1,273**	**1,427**	**27,805**	**5,582**	**6,570**	**42,999**
							Expenditure							
6,015	422	841	988	4,236	1,844	14,346	Employee Expenses	6,333	494	1,114	1,053	4,686	1,786	15,466
674	23	169	0	66	2,033	2,965	Premises	664	0	268	0	82	1,680	2,694
142				1	34	177	Transport	146	0	0	0	0	28	174
2,310	1,194	143	807	3,981	1,216	9,651	Supplies & Services	2,648	1,392	746	492	5,194	1,050	11,522
2				118	6,488	6,608	Third Party Payments	3	0	0	0	125	6,058	6,186
			484			484	Precepts & Levies	0	0	0	503	0	0	503
			47	30	(29)	48	Provisions for Bad Debts	0	0	9	(118)	39	3	(67)
			24,487			24,487	Housing Benefits	0	0	0	23,574	0	0	23,574
(5,240)	331	489	1,170	2,020	1,230	0	Support Service Recharges	(5,704)	337	666	1,241	2,245	1,215	0
244		13		990	2,263	3,510	Depreciation, Amortisation & Impairment	234	0	9	0	46	3,757	4,046
4,147	**1,970**	**1,655**	**27,983**	**11,442**	**15,079**	**62,276**	**Total Expenditure**	**4,324**	**2,223**	**2,812**	**26,745**	**12,417**	**15,577**	**64,098**
3,796	**1,068**	**507**	**(1,486)**	**6,857**	**9,151**	**19,893**	**COST OF SERVICES**	**3,982**	**950**	**1,385**	**(1,060)**	**6,835**	**9,007**	**21,099**

Detailed information on the Council's income and expenditure for the year at a service budget level can be found in the Revenue and Capital Outturn booklet on the Council's website.

Reconciliation to Cost of Services in the Comprehensive Income and Expenditure Statement

The table below reconciles the Cost of Services above to the Cost of Services shown within the Comprehensive Income and Expenditure Statement.

	2023/24 £'000	2024/25 £'000
Cost of Services in Service Analysis	**19,893**	**21,099**
add Amounts not Reported to Management		
Pension Adjustments	(1,731)	(1,865)
Accrued Annual Leave	(70)	(18)
Miscellaneous Income and Expenditure	(166)	(252)
less Items Included in Other Operating Expenditure		
Drainage Board Levies	(484)	(503)
less Items Included in Financing & Investment		
Lease Interest	0	(3)
Trading Undertakings	250	324
Interest & Investment Income	3,625	3,326
NET COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	**21,317**	**22,108**

Reconciliation to (Surplus) / Deficit on Provision of Services in Comprehensive Income and Expenditure Statement (Subjective Analysis)

The table below reconciles the Cost of Services above to the (Surplus) / Deficit on Provision of Services shown within the Comprehensive Income and Expenditure Statement.

2023/24						2024/25				
Service Analysis	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services		Service Analysis	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
					Income					
11,235	236			11,471	Fees, Charges & Other Service Income	12,695	270			12,965
3,626	(265)			3,361	Interest & Investment Income	3,326	394			3,720
			16,004	16,004	Council Tax				16,620	16,620
			26,938	26,938	National Non-Domestic Rates				32,879	32,879
27,522		(299)	6,380	33,603	Grants & Contributions	26,978			8,490	35,468
			2,043	2,043	Exceptional Item - VAT					0
					Disposal of Non-Current Assets				65	65
					Leased Assets Measured at Fair Value				131	131
			912	912	Fair Value of Investment Properties				42	42
42,383	**(29)**	**(299)**	**52,277**	**94,332**	**Total Income**	**42,999**	**664**	**0**	**58,227**	**101,890**
					Expenditure					
14,346	(1,731)		365	12,980	Employee Expenses	15,468	(1,865)		212	13,813
2,965				2,965	Premises	2,694				2,694
177				177	Transport	174				174
9,651		(299)		9,352	Supplies & Services	11,522				11,522
6,608				6,608	Third Party Payments	6,186				6,186
484			3,731	4,215	Precepts & Levies	503			3,803	4,306
					Interest Payments		31			31
48				48	Provisions for Bad Debts	(67)				(67)
24,487				24,487	Housing Benefits	23,574				23,574
0				0	Support Service Recharges					0
3,510				3,510	Depreciation, Amortisation & Impairment	4,046				4,046
			52	52	Council Tax				112	112
			26,262	26,262	National Non-Domestic Rates				29,536	29,536
			122	122	Disposal of Non-Current Assets				11	11
			293	293	Fair Value of Investment Properties				112	112
62,276	**(1,731)**	**(299)**	**30,825**	**91,071**	**Total Expenditure**	**64,098**	**(1,834)**	**0**	**33,786**	**96,050**
19,893	**(1,702)**	**0**	**(21,452)**	**(3,261)**	**TOTAL**	**21,099**	**(2,498)**	**0**	**(24,441)**	**(5,840)**

8. NON-CURRENT ASSETS

Movements in non-current assets during the year were as follows:

	PROPERTY, PLANT & EQUIPMENT									
	Land & Buildings	Vehicles, Plant & Equipment	Infra-Structure Assets	Comm-unity Assets	Assets Under Const'ion	TOTAL PPE	HERITAGE ASSETS	INVESTM'T PROP	INTAN-GIBLE ASSETS	TOTAL
NET BOOK VALUE AT 1 APRIL 2023	**65,059**	**2,898**	**956**	**2,047**	**0**	**70,960**	**16,902**	**4,906**	**85**	**92,853**
Cost or Valuation										
At 1 April 2023	65,611	9,637	3,463	2,047	0	80,758	16,902	4,906	453	103,019
Additions	296	608	74	0	0	978	0	0	49	1,027
Derecognition - Disposals	(144)	(53)	0	0	0	(197)	0	0	0	(197)
Reclassification	0	0	0	0	0	0	0	0	0	0
Revaluation Recognised in the Revaluation Reserve	1,374	0	0	0	0	1,374	2,522	0	0	3,896
Impairment Recognised in Surplus/Deficit on the Provision of Services	(994)	(3)	0	0	0	(997)	0	0	0	(997)
Net Gains / (Losses) from Fair Value Adjustments	0	0	0	0	0	0	0	619	0	619
Other Movements in Cost or Valuation	(1,704)	0	0	0	0	(1,704)	0	0	0	(1,704)
At 31 March 2024	64,439	10,189	3,537	2,047	0	80,212	19,424	5,525	502	105,663
Depreciation, Amortisation & Impairment										
At 1 April 2023	(552)	(6,738)	(2,507)	0	0	(9,797)	0	0	(368)	(10,165)
Depreciation & Amortisation Written out to Surplus/Deficit on Provision of Services	(1,893)	(496)	(87)	0	0	(2,476)	0	0	(39)	(2,515)
Derecognition - Disposals	23	53	0	0	0	76	0	0	0	76
Reclassification	0	0	0	0	0	0	0	0	0	0
Other Movements in Depreciation, Amortisation and Impairment	1,704	0	0	0	0	1,704	0	0	0	1,704
At 31 March 2024	(718)	(7,181)	(2,594)	0	0	(10,493)	0	0	(407)	(10,900)
NET BOOK VALUE AT 31 MARCH 2024	**63,721**	**3,008**	**943**	**2,047**	**0**	**69,719**	**19,424**	**5,525**	**95**	**94,763**

	PROPERTY, PLANT & EQUIPMENT									
	Land & Buildings	Vehicles, Plant & Equipment	Infra-Structure Assets	Comm-unity Assets	Right of Use Assets	TOTAL PPE	HERITAGE ASSETS	INVESTM'T PROP	INTAN-GIBLE ASSETS	TOTAL
NET BOOK VALUE AT 1 APRIL 2024	**63,721**	**3,008**	**943**	**2,047**	**0**	**69,719**	**19,424**	**5,525**	**95**	**94,763**
Cost or Valuation										
At 1 April 2024	66,144	10,212	3,536	2,047	0	81,939	19,424	5,525	502	107,390
Additions	1,595	1,742	108	0	84	3,529	0	0	46	3,575
Derecognition - Disposals	0	(1,389)	0	0	0	(1,389)	0	0	0	(1,389)
Reclassification	0	0	0	0	0	0	0	0	0	0
Revaluation Recognised in the Revaluation Reserve	3,762	0	0	0	0	3,762	3,995	0	0	7,757
Impairment Recognised in Surplus/Deficit on the Provision of Services	(1,422)	(15)	(1)	0	0	(1,438)	0	(112)	0	(1,550)
Net Gains / (Losses) from Fair Value Adjustments	0	0	0	0	131	131	0	41	0	172
Other Movements in Cost or Valuation	(1,539)	0	0	0	0	(1,539)	0	0	0	(1,539)
At 31 March 2025	68,540	10,550	3,643	2,047	215	84,995	23,419	5,454	548	114,416
Depreciation, Amortisation & Impairment										
At 1 April 2024	(2,422)	(7,204)	(2,594)	0	0	(12,220)	0	0	(407)	(12,627)
Depreciation & Amortisation Written out to Surplus/Deficit on Provision of Services	(1,903)	(577)	(86)	0	(84)	(2,650)	0	0	(43)	(2,693)
Derecognition - Disposals	0	1,378	0	0	0	1,378	0	0	0	1,378
Reclassification	0	0	0	0	0	0	0	0	0	0
Other Movements in Depreciation, Amortisation and Impairment	1,539	0	0	0	0	1,539	0	0	0	1,539
At 31 March 2025	(2,786)	(6,403)	(2,680)	0	(84)	(11,953)	0	0	(450)	(12,403)
NET BOOK VALUE AT 31 MARCH 2025	**65,754**	**4,147**	**963**	**2,047**	**131**	**73,042**	**23,419**	**5,454**	**98**	**102,013**
NATURE OF ASSET HOLDINGS										
Owned	**65,754**	**4,147**	**963**	**2,047**	**131**	**73,042**	**23,419**	**5,454**	**98**	**102,013**
Leased										

Depreciation and Amortisation

The depreciation and amortisation methods and useful lives used in the preparation of the accounts have been specified within the accounting policies.

The amortisation and impairment of intangible assets shown above is included within cost of services under the Corporate Services heading £43,160 (£38,800 2023/24).

Non-Current Asset Valuation

The Council has a policy of revaluing its property assets on a rolling programme, such that the intervals between valuations do not exceed 5 years as detailed in the accounting policies on page 29.

In accordance with the rolling programme public conveniences were the subject of revaluation. In addition, the implementation of parking charges at formerly free car parks has necessitated a revaluation of this asset class in 2024/25.

Wilks Head & Eve were appointed to carry out the valuations and in doing so made the following assumptions:

- That the valuations given are based on existing use values or, where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost.
- That the properties are repaired and maintained to a reasonable standard.
- That no significant Planning or Highways applications exist that could affect the value.
- The Code requires the Council to consider material changes in other assets not due for revaluation in the current year under the five-year rolling programme.

Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net gain of £3,994,000, which is recognised in the revaluation reserve.

In assessing fair value of Investment Properties Wilks Head & Eve has determined a market value given the sites location and likelihood of achieving such values. The resulting decrease in asset values of £70,200 is primarily due to the downward valuation of Industrial sites. The loss has been recognised in the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement.

Wilks Head & Eve undertook a Market Review and determined that no other property asset class required revaluation because of a notable change in value.

The freehold and leasehold properties which comprise the Council's portfolio have been assessed as at each review date, being 31 March each year, by Wilks Head & Eve, an independent property consultancy, in accordance with the *Global Standards 2020 incorporating the International Valuation Standards, and the UK National Supplement of the Royal Institute of Chartered Surveyors*.

Fixed plant and machinery is included in the valuation of the buildings.

Valuations of Non-Current Assets carried at current / fair value:

	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Heritage Assets £'000	Right of Use Assets £'000	Investment Properties £'000	Total £'000
Valued at current/fair value in:	<----------------------------	at Current Value		----------------- >	at Fair Value	
2024/25	51,293	4,145	23,417	130	5,455	84,440
2023/24	7,610					7,610
2022/23	6,167					6,166
2021/22	684					684
2020/21	0					0
Prior Years	0					0
TOTAL	**65,754**	**4,145**	**23,417**	**130**	**5,455**	**98,901**

Land and buildings include assets under construction where relevant. For vehicles, plant and equipment, depreciated historic cost is used as a proxy of current value due to the short-term nature of the majority of assets held in this class. Assets revalued in 2024/25 are reflected in the figures for that year rather than the year of previous valuation.

Heritage Assets

Heritage assets where the Council holds information on their cost or value have been recognised on the Balance Sheet and are detailed in the table below. Heritage assets, where the Council does not hold information on the cost or value and it is considered that the cost of obtaining this information outweighs the benefit to the reader of the accounts, comprise Tonbridge Castle Gatehouse exhibits; Tonbridge Castle curtain wall; cannons; and war memorials.

	At 31 March 2024 £'000	At 31 March 2025 £'000
Tonbridge Castle Gatehouse	19,189	23,177
Civic Regalia	96	101
Paintings	79	78
Sculptures	60	62
TOTAL	**19,424**	**23,418**

The main items of capital expenditure during the year were: -

	2023/24 £'000	2024/25 £'000
Decarbonising the Council Assets	118	781
Car Parking	0	154
Capital Renewals	508	1,202
Flood Defence	131	128
Sports Grounds	116	107

The Capital Expenditure was financed as follows:

	2023/24 £'000	2024/25 £'000
Opening Capital Financing Requirement	**0**	**0**
Capital Investment		
Purchase of Non-Current Assets		
Property, Plant & Equipment	978	3,529
Investment Property	0	0
Intangible Assets	49	46
Total	**1,027**	**3,575**
Sources of Finance		
Revenue	(668)	(2,648)
Capital Grants & Contributions	(112)	(844)
Capital Receipts	(247)	0
Minimum Revenue Provision	0	(83)
Total	**(1,027)**	**(3,575)**
CLOSING CAPITAL FINANCING REQUIREMENT	**0**	**0**

The capital financing requirement reflects the extent to which the Council had to borrow to support its capital programme.

Outstanding Capital Commitments

As at 31 March 2025 no major capital commitments were outstanding.

(Gain) / Loss on Disposal of Non-Current Assets

In 2023/24 the Council disposed of West Malling Public Conveniences with a NBV of £121,000, no income was generated from this disposal. Assets were removed from the Asset Register with a net book value of £11,000. The removal of these assets was following a review of Vehicles, Plant & Equipment that the Council was holding. The Council received £65,000 as part of a buy-back arrangement for existing gym equipment when purchasing replacement equipment for the Leisure Centres, this income has been shown under Capital Receipts to be utilized in future years.

9. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Represents capital expenditure on non-current assets not owned by the Council. The Code considers this to be revenue expenditure and as such the expenditure is charged in full to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year it is incurred. Statute allows the expenditure to be funded from capital resources but the Council funds the expenditure entirely from reserves or revenue resources.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
Gross Expenditure				
House Renovation Grants	1,000		1,198	
Land Drainage & Flood Defence	131		128	
Other	294	1,425	671	1,997
Grants & Contributions Received				
Better Care Fund	(943)		(1,120)	
Housing Assistance Grant Repaid	(48)		(43)	
Disabled Facilities Grant Repaid	(15)		(20)	
Other Funding	(294)	(1,300)	(671)	(1,854)
TOTAL		**125**		**143**

10. LEASES

Lessor – Operating Lease

The Council owns a number of properties which are leased out under the terms of an operating lease. A projection of the current rental income, based on existing leases, is provided in the table below.

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Rental Income Due	415	356	340	281	265	238	219

The Council lease out property under an operating lease for the following purposes:

- for the provision of community services, such as sports facilities, tourism and community centres; and
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The minimum lease payments under non-cancellable leases in future years are:

Leases Expiring :	RESTATED 31 March 2024 £'000	31 March 2025 £'000
Not later than one year	424	415
Later than one year and not later than five years	1,234	1,243
Later than five years and not later than fifty years	4,265	4,236
Later than fifty years	3,134	3,055
	9,057	8,949

Please note, the 23/24 figures in this table have been restated to account for leases expiring mid-year.

Trading Undertakings

The majority of these properties are treated as Trading Undertakings within the Comprehensive Income and Expenditure Statement, the financial results of which are given below.

Commercial Properties and Industrial Estates	2023/24 £'000	2024/25 £'000
Income	(383)	(406)
Expenditure	133	82
TOTAL	(250)	(324)

The Balance Sheet value of these properties at the 31 March 2025 was £6,369,000 (£5,455,000 Investment Properties and £914,000 Land and Buildings). There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

Lessor – Finance Lease

The Council does not lease out assets under a finance lease.

Lessee

As a lessee, the Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Authority decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Authority used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.36%
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 the additional fair value and the lease liability have been credited as a gain in the surplus/deficit on the provision of services.

Application of the Code's adaptation of IFRS16 has resulted in the following changes to the balance sheet at 31st March 2025:

- £130,958.77 Revaluation of Property, plant and equipment – land and buildings (right-of-use assets)
- £190.16 Creditors (lease liabilities)

The newly recognised leases liabilities of £190.16 compare with the operating lease commitments of £0.00 at 31 March 2024. When these are discounted to their present value (using the incremental borrowing rate at 1 April 2024), there is a difference of £0 from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that will expire before 31 March 2025.

Leased Assets	Land and Buildings £'000
Balance as at 1 April 2024	84
Additions	0
Revaluations	131
Depreciation	(84)
TOTAL	**131**

11. INTEREST AND INVESTMENTS

Interest and Investment Income Earned

	2023/24 Income £'000	2023/24 Unrealised (Gains) / Losses £'000	2023/24 Total £'000	2024/25 Income £'000	2024/25 Unrealised (Gains) / Losses £'000	2024/25 Total £'000
Property Investment Funds	(179)	325	146	(147)	(392)	(539)
Multi-Asset Diversified Income Funds	(210)	(62)	(272)	(210)	30	(180)
Certificates of Deposit	(857)		(857)	(1,054)		(1,054)
Fixed Interest Deposits	(632)		(632)	(368)		(368)
Call Accounts	(1,718)		(1,718)	(1,546)		(1,546)
Miscellaneous Interest	(29)		(29)	(1)		(1)
TOTAL	(3,625)	263	(3,362)	(3,326)	(362)	(3,688)

Interest and Investment Income Received

	2023/24 £'000	2024/25 £'000
Interest and Investment Income Earned	(3,362)	(3,688)
Increase / (Decrease) in Debtors	58	119
Increase / (Decrease) in Accrued Interest	449	771
Unrealised Gains / (Losses) on Property Investment Funds / Multi-Asset Funds	(264)	362
TOTAL	(3,119)	(2,436)

Interest and investment income received is included within net cash flows from operating activities in the Cash Flow Statement.

Long Term Investments

	At 31 March 2024 Capital £'000	At 31 March 2024 Gain / (Loss) £'000	At 31 March 2024 Accrued Interest £'000	At 31 March 2024 Total £'000	At 31 March 2025 Capital £'000	At 31 March 2025 Gain / (Loss) £'000	At 31 March 2025 Accrued Interest £'000	At 31 March 2025 Total £'000
Property Investment Funds								
Hermes Property Unit Trust	1,000	(108)	6	898	1,000	(88)	8	920
Local Authorities' Property Fund	2,000	(278)	23	1,745	2,000	(245)	21	1,776
Lothbury Property Trust	2,000	(573)	13	1,441	723	(234)	0	489
Total	**5,000**	**(959)**	**42**	**4,084**	**3,723**	**(567)**	**29**	**3,185**
Multi-Asset Diversified Income Funds								
Aegon Diversified Income Fund	1,750	(151)	0	1,599	1,750	(164)	0	1,586
Fidelity Multi-Asset Income Fund	1,000	(204)	3	798	1,000	(221)	3	782
Ninety-One Diversified Income Fund	1,500	(133)	0	1,367	1,500	(133)	0	1,367
Total	**4,250**	**(488)**	**3**	**3,764**	**4,250**	**(518)**	**3**	**3,735**
TOTAL	9,250	(1,447)	45	7,848	7,973	(1,085)	31	6,920

The amount shown on the Pooled Investment Funds Adjustment Account represents unrealised gains/losses.

In respect of the long term investments held by the Council, the capital value has dropped in recent months as result of high levels of inflation in the UK. Fund values will fluctuate from year to year depending upon economic conditions and any losses or gains associated with the fund values will only be recognised on the sale of the investments.

Short Term Investments

	At 31 March 2024			At 31 March 2025		
	Capital £'000	Accrued Interest £'000	Total £'000	Capital £'000	Accrued Interest £'000	Total £'000
Certificates of Deposit						
Goldman Sachs	5,000	52	5,230	6,000	147	6,147
Lloyds Bank	6,000	56	6,211	0	0	0
National Westminster Bank	3,000	24	3,024	6,000	211	6,211
Rabobank	6,000	166	6,166	6,000	163	6,163
Toronto Dominion	6,000	130	6,130	3,000	68	3,068
Total	**26,000**	**761**	**26,761**	**21,000**	**588**	**21,589**
Fixed Interest Deposits						
Close Brothers	3,000	15	3,015			
Handelsbanken	3,000	29	3,029	3,000	142	3,142
Sustainable Chartered				3,000	53	3,053
Total	**6,000**	**44**	**6,044**	**6,000**	**195**	**6,195**
TOTAL	**32,000**	**805**	**32,805**	**27,000**	**784**	**27,784**

Cash Equivalents (Note 19 refers)

Investments which are considered to be of a 'liquid' nature are to be included under the category of cash and cash equivalents. Under the Council's accounting policies any internally managed investments of three months or less from the date of acquisition will be recognised as cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value).

Financial Instruments Disclosures

Investments are classified as financial assets and as such require additional disclosures on:

- Class of investment.
- Interest earned by class of investment.
- Market valuation of each type of investment as at 31 March 2025.
- Management of risk.

Investment Classification

The Council's investments are classified as either amortised cost or fair value through profit and loss as detailed in the table below.

	At 31 March 2024		Total	At 31 March 2025		Total
	Amortised Cost £'000	Fair Value Through Profit & Loss £'000	£'000	Amortised Cost £'000	Fair Value Through Profit & Loss £'000	£'000
Long Term		7,848	7,848		6,920	6,920
Short Term	32,805		32,805	27,784		27,784
TOTAL	**32,805**	**7,848**	**40,653**	**27,784**	**6,920**	**34,704**

Interest Earned

Interest earned by class of investment is detailed in the table below.

	2023/24 Amortised Cost £'000	2023/24 Fair Value Through Profit & Loss £'000	2023/24 Total £'000	2024/25 Amortised Cost £'000	2024/25 Fair Value Through Profit & Loss £'000	2024/25 Total £'000
Interest & Investment Income						
Income	(1,489)	(389)	(1,878)	(1,422)	(356)	(1,778)
Unrealised (Gains) / Losses		264	264		(362)	(362)
TOTAL	**(1,489)**	**(125)**	**(1,614)**	**(1,422)**	**(718)**	**(2,140)**

Market Valuation

The accounts are required to show the 'fair value' of the financial assets held by the Council. Fair value is defined as the amount for which an asset could be exchanged assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. Our property investment and multi-asset diversified income funds are an actively quoted value per share on the market, which is described as a level 1 type investment, and have been valued in accordance with the closing value at year end. Other deposits, which are described as level 2 type investments, are held on effective interest method, being the value of deposit plus any interest due to the end of the financial year, no significant active market exists for these types of bank deposits.

The fair value of investments is shown in the table below.

	At 31 March 2024 Carrying Amount £'000	At 31 March 2024 Fair Value £'000	At 31 March 2025 Carrying Amount £'000	At 31 March 2025 Fair Value £'000
Property Investment Funds	4,083	4,083	3,185	3,185
Multi-Asset Diversified Income Funds	3,764	3,764	3,735	3,735
Deposits with Banks & Building Societies	32,805	32,805	27,784	27,784
TOTAL	**40,652**	**40,652**	**34,704**	**34,704**

Management of Risk

Credit Risk

Credit risk arises from deposits with banks and financial institutions. The Council's Investment Strategy sets out the approach the Council will take to the management of risk both in terms of the security, longevity and liquidity of its investments and as at 31 March 2025 the risk of default is considered remote.

Interest Rate Risk

Interest rate movements will clearly have an impact on investment returns. To put this into context the investments held on March 2025 were invested at rates between 4.59% and 5.15% for Deposits and 4% for Fund investments. An increase in interest rates of 1% would currently generate investment income of about £347,000 (2023/24: £407,000).

Liquidity Risk

The Council manages its investments on a daily basis using a combination of current market information and predicted income and expenditure based upon an annual cashflow for the authority. It therefore considers that liquidity risk would be low due to the daily monitoring of the cashflow arrangements.

12. PENSION COSTS

Employees of Tonbridge & Malling Borough Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme (LGPS), a defined benefit statutory scheme.

The LGPS is a national scheme that is administered locally – all employees have the right to join and the Council cannot prevent this. The scheme is a career average one, with the pension benefits being determined by career average salary and length of service. Employee contribution rates are set by Government and range from 5.5% to 12.5% and the fund actuary, Barnett Waddingham LLP, sets the employer's contribution rate. This is a funded defined benefit scheme, meaning that the Council and employees' pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The fund provides index linked pensions and other retirement benefits based upon employees' career average salary and length of service. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The KCC pension scheme is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Superannuation Committee of KCC. This Committee is responsible for: setting investment strategy; appointing professional fund managers; carrying out regular reviews; monitoring of investments; monitoring the administration of the pension scheme; and determining pension fund policy in regard to employer admission arrangements. The Committee consists of 12 members with voting rights (nine from KCC and three from district councils) and 5 other members without voting rights. Policy is determined in accordance with the *Local Government Pensions Fund Regulations 1997* as amended.

The pension costs charged to the Comprehensive Income and Expenditure Statement in accordance with International Accounting Standard 19 are given below.

Transactions Relating to Retirement Benefits

	2023/24 £'000	2024/25 £'000
Amounts Charged to Income and Expenditure Statement		
Net Cost of Services		
Current Service Costs	1,568	1,670
Past Service Costs (Change n Benefit)	0	0
Administration Expenses	92	99
Net Operating Expenditure		
Net Interest on the Defined Liability (Asset)	365	212
Net Charges to the Income and Expenditure Statement	**2,025**	**1,981**
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance With IAS19		
Actual Amount Charged to the General Fund for Pensions in the Year	(2,025)	(1,981)
Employers' contributions payable to scheme	3,391	3,634
CONTRIBUTION (FROM) / TO PENSIONS RESERVE	**1,366**	**1,653**

As required under IAS 19 the valuation method used is the projected unit method of valuation. With this method where the age profile of the active membership is rising the current service cost will increase as the members of the scheme approach retirement.

In addition, an actuarial gain of £1,592,000 in 2024/25 (2023/24: gain of £1,782,000) is included in the Comprehensive Income and Expenditure Statement. The cumulative amounts of actuarial gains and losses are detailed later in this note.

Assets and Liabilities in Relation to Retirement Benefits

The table below summarises the reconciliation of the present value of scheme liabilities.

Reconciliation of the Present Value of Scheme Liabilities	2023/24 £'000	2024/25 £'000
Opening Balance at 1 April - Defined Benefit Obligation	**111,338**	**111,029**
Current Service Costs	1,568	1,670
Past Service Costs	0	0
Contributions from Scheme Participants	593	650
Interest Cost	5,243	5,309
Change in Financial Assumptions	(1,570)	(12,998)
Change in Demographic Assumptions	(1,604)	(297)
Experience Loss / (Gain) on Defined Benefit Obligation	332	(249)
Benefits Paid	(4,661)	(5,833)
Unfunded Pension Payments	(210)	(216)
CLOSING BALANCE AT 31 MARCH - DEFINED BENEFIT OBLIGATION	**111,029**	**99,065**

The liability shows the underlying commitment that the Council has in the long run to pay retirement benefits. Liabilities have been assessed on an actuarial basis using the projected unit method, and estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The table below summarises the reconciliation of the present value of scheme assets.

Reconciliation of the Fair Value of Scheme Assets	2023/24 £'000	2024/25 £'000
Opening Balance at 1 April - Fair Value of Scheme Assets	**102,063**	**104,902**
Interest on Assets	4,878	5,097
Return on Assets Less Interest	(1,060)	(1,643)
Employers' Contributions	3,391	3,634
Contributions from Scheme Participants	593	650
Benefits Paid	(4,871)	(6,049)
Administration Expenses	(92)	(99)
CLOSING BALANCE AT 31 MARCH - FAIR VALUE OF SCHEME ASSETS	**104,902**	**106,492**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year: gain of £3,454,000 (2023/24: gain of £3,818,000).

Net Liabilities in Relation to Retirement Benefits

	2023/24 £'000	2024/25 £'000
Present value of funded obligation	109,507	97,770
Fair value of scheme assets (bid price)	(104,902)	(106,492)
Sub-total	**4,605**	**(8,722)**
Impact of asset Ceiling	0	10,309
Present value of unfunded obligation	1,522	1,295
NET PENSION LIABILITY	**6,127**	**2,882**

The change in the pension fund deficit over the year is mainly dependent on asset returns, corporate bond yields and market expectations of inflation which when taken together has resulted in a decrease in the pension fund deficit compared to the previous year.

The figures presented are prepared only for the purpose of IAS 19. They are not relevant for calculations undertaken for funding purposes. IAS 19 does not have any impact on the actual level of employer contributions paid to Kent County Council Pension Fund. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

Reconciliation of Opening & Closing Surplus / Deficit

The table below reconciles the opening and closing deficit on the scheme.

Surplus / (Deficit)	2023/24 £'000	2024/25 £'000
Balance at 1 April	**(9,275)**	**(6,127)**
Current Service Costs	(1,568)	(1,670)
Past Service Costs	0	0
Actuarial Gains / (Losses)	1,782	11,901
Impact of Asset Ceiling	0	(10,309)
Employer's Contributions	3,391	3,634
Administration Expenses	(92)	(99)
Other Finance Income	(365)	(212)
BALANCE AT 31 MARCH	**(6,127)**	**(2,882)**

Breakdown of Assets Held by Pension Fund shown at Fair Value

Assets are valued at fair value, principally market value for investments. The fair values of the attributable assets and expected rates of return are given below.

	At 31 March 2024		At 31 March 2025	
Assets	Fund Value £'000	Percentage of Fund %	Fund Value £'000	Percentage of Fund %
Bonds	15,104	14	15,831	15
Cash	1,670	2	4,212	4
Equities	61,027	58	60,641	57
Gilts	7,686	7	6,312	6
Property	9,412	9	8,720	8
Target Return Portfolio	5,300	5	5,439	5
Infrastructure	4,703	5	5,337	5
TOTAL	**104,902**	**100**	**106,492**	**100**

Scheme History

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Present Value of Liabilities	(163,240)	(161,181)	(111,338)	(111,029)	(99,065)
Fair Value of Assets	102,067	102,920	102,063	104,902	106,492
Asset Ceiling	0	0	0	0	(10,309)
SURPLUS / (DEFICIT) IN THE SCHEME	**(61,173)**	**(58,261)**	**(9,275)**	**(6,127)**	**(2,882)**
Experience Gains / (Losses) on Assets	0	0	0	0	0
Percentage of Assets	0.0%	0.0%	0.0%	0.0%	0.0%
Experience Gains / (Losses) on Liabilities	1,963	(322)	10,232	332	(249)
Percentage of Liabilities	1.2%	(0.2%)	9.2%	(0.3%)	(0.3)

Actuarial Gains and Losses

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Actuarial Gains / (Losses) recognised in the Comprehensive Income and Expenditure Statement	(4,906)	5,092	51,084	1,782	1,592
CUMULATIVE ACTUARIAL GAINS / (LOSSES)	**(36,542)**	**(31,450)**	**19,634**	**21,416**	**23,008**

Basis for Estimating Assets and Liabilities

The scheme has been assessed by Barnett Waddingham LLP, an independent firm of actuaries, on behalf of Kent County Council based upon the full valuation of the scheme as at 31 March 2022.

The financial assumptions used for the purposes of IAS 19 calculations are given below.

	2023/24	2024/25
Mortality assumptions:		
Life expectancy from age 65 (years)		
Retiring today:		
Men	20.8 Years	20.7 Years
Women	23.3 Years	23.3 Years
Retiring in 20 years:		
Men	22.0 Years	22.0 Years
Women	24.7 Years	24.7 Years
Salary Increases	3.90%	3.90%
Pension Increases (CPI)	2.90%	2.90%
Discount Rate	4.90%	5.80%

It has also been assumed that members will exchange half of their commutable pension for cash at retirement.

Sensitivity Analysis

The following table sets out the impact of a small change in the discount rate; salary increase; pension increase; and mortality assumptions on the defined benefit obligation and projected service cost.

	£'000 +0.5%	£'000 +0.1%	£'000 0.0%	£'000 -0.1%	£'000 -0.5%
Adjustment to discount rate					
Present Value of Total Obligation	93,071	97,813	99,065	100,344	105,758
Projected Service Cost	1,031	1,185	1,227	1,270	1,455
Adjustment to Long Term Salary Increase					
Present Value of Total Obligation	99,704	99,191	99,065	98,940	98,450
Projected Service Cost	1,227	1,227	1,227	1,227	1,227
Adjustment to Pensions Increase and Deferred Revaluation					
Present Value of Total Obligation	105,283	100,254	99,065	97,902	93,498
Projected Service Cost	1,464	1,272	1,227	1,184	1,022
Adjustment to mortality age rating assumption		**+1 Year**	**None**	**-1 Year**	
Present Value of Total Obligation		103,190	99,065	95,128	
Projected Service Cost		1,274	1,227	1,181	

Projected Pension Expense for the Year to 31 March 2026

These projections are based on the Actuary's assumptions as at 31 March 2025.

	2025/26 Projection £'000
Service Cost	1,227
Net Interest on the defined liability (asset)	61
Administration Expenses	97
Total	**1,385**
Employers' Contributions	**3,473**

Information can also be found in Kent County Council's Superannuation Fund Annual Report via the following link [Report and Accounts - Kent Pension Fund]

13. COUNCIL TAX AND NATIONAL NON-DOMESTIC (BUSINESS) RATES INCOME

Council Tax	2023/24 £'000	2024/25 £'000
Borough Council's Council Tax	(12,187)	(12,736)
Parish Councils' Council Tax	(3,732)	(3,803)
Prior Year's Estimated Accumulated Council Tax (Surplus) / Deficit	(85)	(81)
Council Tax (Surplus) / Deficit	52	112
TOTAL	(15,952)	(16,508)

National Non-Domestic Rates	2023/24 £'000	2024/25 £'000
Share of National Non-Domestic Rates	(25,455)	(31,040)
Tariff / (Top-Up)	25,884	27,197
Levy / Safety Net/ Business Rates Pool	377	596
Prior Year's Estimated Accumulated Non-Domestic Rates (Surplus) / Deficit	(1,199)	(1,838)
National Non-Domestic Rates (Surplus) / Deficit	(283)	1,742
TOTAL	(676)	(3,343)

Collection Fund Adjustment Account	Balance at 31 March 2023 £'000	2023/24 Surplus / (Deficit) £'000	Balance at 31 March 2024 £'000	2024/25 Surplus / (Deficit) £'000	Balance at 31 March 2025 £'000
Council Tax	62	(52)	10	(112)	(102)
National Non-Domestic Rates	1,324	283	1,607	(1,742)	(135)
TOTAL	**1,386**	**231**	**1,617**	**(1,854)**	**(237)**

14. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement.

Credited to Taxation & Non-Specific Grant Income & Expenditure

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
General Government Grants				
Funding Guarantee	(1,762)		(2,510)	
Covid-19 Business Rate Relief	(1,831)		0	
New Homes Bonus	(611)		(343)	
Small Business & Empty Property Rate Relief Grant	(1,153)		(1,011)	
Lower Tier Services Grant	0		0	
Under Indexing Multiplier Grant	(496)		(1,272)	
Revenue Support Grant	(137)		(146)	
Services Grant	(93)		(16)	
MHCLG relief			(2,059)	
MHCLG Retail Relief and Prior Years			166	
DLUHC/MHCLG Supporting Small Business Grant			(186)	
Other	(13)	**(6,096)**	(118)	**(7,495)**
Revenue Grants & Contributions				
Peter's Village Wouldham (S106 Contribution)	(118)			
Other	(44)	**(162)**		
Capital Grants & Contributions				
Sainsbury's Contribution	(112)			
Public Sector Decarbonisation Fund			(351)	
MHCLG UK Shared Prosperity Fund			(234)	
Other	(10)	(122)	(410)	(995)
Total Non-Government Grants & Contributions		**(284)**		**(995)**
TOTAL		**(6,380)**		**(8,490)**

The Council has also received a number of developer contributions which as yet have not been applied to revenue and capital projects (Note 22 refers).

Credited to Services

	2023/24 £'000	2024/25 £'000
Rent Allowance Subsidy	(23,133)	(22,021)
Better Care Fund	(1,033)	(1,177)
Non-HRA Rent Rebate Subsidy	(710)	(923)
Homelessness Prevention Grant	(398)	(588)
Rough Sleeping Initiative Grant	(302)	(392)
DLUHC UK shared Prosperity Fund (Part recs)	0	(344)
Rural England shared Prosperity Fund	0	(271)
Local Plan Fund	0	(228)
Benefits Administration Grant	(170)	(170)
UK Shared Prosperity Fund	0	(126)
NNDR Cost of Collection Allowance	(160)	(162)
Discretionary Housing Payment Contribution	(159)	(159)
Green Belt Funding	0	(70)
Local Council Tax Support Administration Grant	(64)	(65)
Other	(1,094)	(282)
TOTAL	**(27,223)**	**(26,978)**

15. OFFICERS' EMOLUMENTS, ACCRUED ANNUAL LEAVE AND EXIT PACKAGES

Emoluments

Employee remuneration is defined as all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash. The number of employees, whose remuneration, including exit packages, but excluding employers' pension contributions, was £50,000 or more in bands of £5,000 is given in the table below.

Remuneration Band	No. Of Employees 2023/24	2024/25
£50,000 - £54,999	9	17
£55,000 - £59,999	10	9
£60,000 - £64,999	6	13
£65,000 - £69,999	4	3
£70,000 - £74,999	1	3
£75,000 - £79,999	3	1
£80,000 - £84,999	3	3
£85,000 - £89,999	-	3
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	2	1
£110,000 - £114,999	1	2
£115,000 - £119,999	-	1
£120,000 - £124,999	1	1
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	1	-
TOTAL	**41**	**57**

The numbers above include no employees within the exit packages table for 2024/25 (2023/24: no employees).

Senior Officer Remuneration

We are also required to disclose additional information about the remuneration of senior officers as set out below, together with the value of the employers' pension contribution for the financial year. The employees shown in the table below are also included within the banding table.

	Post Title	Salary, Fees & All'ces £'000	Exp's £'000	Comp for Loss of Office £'000	Benefits in Kind £'000	Total Excl Pension £'000	Pension Contrib's £'000	Total Inc Pension £'000
2023/24	Chief Executive (Note 1)	116	35			**151**	23	**174**
2023/24	Director of Central Services & Deputy Chief Executive (Note 1)	113	8			**121**	24	**145**
2023/24	Director of Finance & Transformation (Note 1)	106	7			**113**	22	**135**
2023/24	Director of Planning, Housing & Environmental Health	103	7			**110**	22	**132**
2023/24	Director of Street Scene, Leisure & Technical Services	103	7			**110**	22	**132**
	TOTAL	**541**	**64**	**0**	**0**	**605**	**113**	**718**
2024/25	Chief Executive (Note 1)	104	3			**107**	22	**129**
2024/25	Director of Central Services & Deputy Chief Executive (Note 1)	116	7			**123**	24	**147**
2024/25	Director of Finance & Transformation (Note 1)	109	7			**116**	23	**139**
2024/25	Director of Planning, Housing & Environmental Health	108	7			**115**	23	**138**
2024/25	Director of Street Scene, Leisure & Technical Services	108	6			**114**	23	**137**
	TOTAL	**545**	**30**	**0**	**0**	**575**	**115**	**690**

Note 1

The Director of Central Services was interim Chief Executive between Dec 2023 – Jun 2024. The Director of Finance and Transformation was Interim Deputy Chief Executive for this period of time. In July 2024, the new Chief Executive joined the Council and all other officers returned to their formal titles.

The 2023/24 figures included in the above tables include the remuneration paid to the Returning Officer and her Deputies for work undertaken in the Borough Election in 2023.

At 31 March 2025 the Council employed 262 permanent staff (31 March 2024: 261) or 233 full-time equivalents (31 March 2024: 230).

Accrued Annual Leave

The Council is required to accrue for annual leave not taken by staff at the end of the accounting period. At the end of 2024/25 this was estimated to be £115,000 (2023/24: £132,000).

Exit Packages

Exit packages include compulsory and voluntary redundancy payments, added-years pension contributions, ex-gratia payments and other departure costs. No exit packages were made in 2023/24 or 2024/25.

16. CAPITAL RECEIPTS

Usable Capital Receipts

These are proceeds from the sale of capital assets that have not yet been used to finance new capital expenditure. Capital receipts are as defined in the *Local Government Act 2003* and the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003*.

	2023/24 £'000	2024/25 £'000
Balance at 1 April	247	0
Usable Capital Receipts Received	0	65
Disposal Costs	0	0
	247	65
less **Usable Capital Receipts Applied**		
Purchase of Non-Current Assets	247	0
BALANCE AT 31 MARCH	**0**	**65**

17. RESERVES

		Balance at 1 April £'000	Contribution to Reserve £'000	Contribution from Reserve £'000	Balance at 31 March £'000
2023/24	Revenue Reserve for Capital Schemes	7,882	2,382	(828)	9,436
	General Revenue Reserve	8,611	1,304	0	9,915
	Building Repairs Reserve	1,300	1,063	(1,241)	1,122
	Property Investment Fund Reserve	3,250	0	0	3,250
	Earmarked Reserves				
	Budget Stabilisation	2,131	1,200	(834)	2,497
	Planning Services	1,116	480	(521)	1,075
	Regeneration of Tonbridge	0	650	0	650
	Homelessness Reduction	685	922	(1,098)	509
	Climate Change	601	618	(340)	879
	Business Rates Retention Scheme	533	549	(167)	915
	Tonbridge & Malling Leisure Trust	449	0	(80)	369
	Transformation	434	68	(70)	432
	Housing Assistance	360	0	(1)	359
	Election	161	35	(85)	111
	Invest to Save	141	0	0	141
	Special Projects	236	77	(97)	216
	Other Earmarked Reserves	198	109	(12)	295
		28,088	9,457	(5,374)	32,171
2024/25	Revenue Reserve for Capital Schemes	9,436	1,566	(2,884)	8,118
	General Revenue Reserve	9,915	1,109	0	11,024
	Building Repairs Reserve	1,122	1,000	(1,010)	1,112
	Property Investment Fund Reserve	3,250	0	0	3,250
	Earmarked Reserves				
	Budget Stabilisation	2,497	1,387	(1,015)	2,869
	Planning Services	1,075	855	(731)	1,199
	Regeneration of Tonbridge	650	3,824	(158)	4,316
	Homelessness Reduction	509	2,285	(1,251)	1,543
	Climate Change	879	500	(738)	641
	Business Rates Retention Scheme	915	618	(62)	1,471
	Tonbridge & Malling Leisure Trust	369	0	(83)	286
	Transformation	432	907	(170)	1,169
	Housing Assistance	359	0	0	359
	Election	111	91	0	202
	Invest to Save	141	0	(67)	74
	Special Projects	216	73	(126)	163
	Other Earmarked Reserves	295	46	(13)	328
		32,171	14,261	(8,308)	38,124

Reserve	Purpose of the Reserve
Revenue Reserve for Capital Schemes	Established to finance future capital expenditure.
General Revenue Reserve	The Council maintain a financial cushion should something unexpected happen that leads to significant unplanned expenditure or reduced income. The General Revenue Reserve is also intrinsically linked to the objectives of the Council's Medium Term Financial Strategy.
Building Repairs Reserve	Established to finance general repairs and maintenance expenditure to Council owned buildings.
Property Investment Fund Reserve	Established to recognise proceeds from the sale of Council owned assets and other funds set aside for long term investment with the aim of generating a higher rate of return.
Budget Stabilisation	Established to manage risk and or assist in meeting future savings and transformation contributions.
Planning Services	Established to meet costs in respect of planning services related work including the Local Plan.
Homelessness Reduction	Established to meet costs associated with the Homelessness Reduction Act.
Climate Change	Established to fund initiatives in support of the Climate Change Strategy.
Business Rates Retention Scheme	Established, in the main, to take account of accounting arrangements.
Tonbridge & Malling Leisure Trust	Established to meet obligations on the Council as part of the agreement with the Tonbridge and Malling Leisure Trust.
Transformation	Established to fund initiatives that deliver operational efficiencies.
Housing Assistance	Established to smooth the cost of discretionary housing assistance grant funding between years.
Election	Established to meet the costs of administering borough council elections which are held once every four years.
Invest to Save	Established to meet costs associated with service reviews with the aim of identifying savings opportunities.
Special Projects	Established to enhance or progress specific projects or activities within the Council.
Regeneration of Tonbridge	Established to fund the Regeneration of the Town Centre and the assets within it. This includes funding set aside for the new Leisure Centre build.
Other Earmarked Reserves	Other earmarked reserves established to enhance or progress specific projects or activities within the Council.

18. DEBTORS

Short Term Debtors

	At 31 March 2024			At 31 March 2025		
	Gross Value £'000	Impairm't Allow'ce £'000	Net Value £'000	Gross Value £'000	Impairm't Allow'ce £'000	Net Value £'000
General Fund						
Central Government	524	0	524	1,486		1,486
Local Authorities	1,151	0	1,151	421		421
Housing Benefit Claimants (current & former)	2,558	(2,432)	126	2,289	(2,236)	53
Payments in Advance	515	0	515	462		462
Other Debtors	1,176	(303)	873	1,351	(323)	1,028
	5,924	**(2,735)**	**3,189**	**6,009**	**(2,559)**	**3,450**
Collection Fund						
Council Tax Payers (Borough Council's share)	1,857	(517)	1,340	2,099	(594)	1,505
Local Authorities	1,315		1,315	2,023	0	2,023
NNDR Payers (Borough Council's share)	1,076	(400)	676	773	(400)	373
	4,248	**(917)**	**3,331**	**4,895**	**(994)**	**3,901**
TOTAL	**10,172**	**(3,652)**	**6,520**	**10,904**	**(3,554)**	**7,351**

Impairment Allowance

		Housing Benefit Claimants £'000	Homeless ness Debtors £'000	Garden Waste Debtors £'000	General Debtors £'000	Council Taxpayers £'000	NNDR Payers £'000	Total £'000
2023/24	Balance at 1 April	2,377	155	60	130	453	252	3,427
	Write-Offs	0	(28)	0	(10)	(28)	(66)	(204)
	Contribution to Allowance	54	30	(30)	(7)	92	214	425
	Receipts/Adjustments	1	1	0	2	0	0	4
	BALANCE AT 31 MARCH	**2,432**	**158**	**30**	**115**	**517**	**400**	**3,652**
2024/25	Balance at 1 April	2,432	158	30	115	516	401	3,652
	Write-Offs	(57)	(4)	0	(50)	(7)	(47)	(165)
	Contribution to/from Allowance	(139)	39	3	29	85	46	63
	Receipts/Adjustments	0	1	0	2	0	0	3
	BALANCE AT 31 MARCH	**2,236**	**194**	**33**	**96**	**594**	**400**	**3,553**

The impairment allowance in respect of council tax and national non-domestic rates represent the Borough Council's share only. The total impairment allowance in respect of council tax and national non-domestic rates can be found in Note 3 to the Collection Fund Accounts.

The levels held within the impairment allowance will be reviewed by the Director of Finance and Transformation on an annual basis and will take into account the effect of the prevailing economic climate when calculating the required provision.

Financial Instruments Disclosures

Some debtors meet the definition of financial instruments. The Council considers these to be debtors of a contractual nature rather than statutory debt or debts with other public sector bodies. These debtors are all classified as amortised cost financial instruments. The carrying amount is deemed to be fair value (being the amount that the market is willing to exchange assets). For these debtors' additional disclosures are required on the age profile and collectability of the debt.

Age of Debt

An analysis of the age profile of debtors which fall under financial assets is given in the table below.

	At 31 March 2024				At 31 March 2025			
Age of Debt	General Debtors £'000	Garden Waste £'000	Homelessness £'000	Total £'000	General Debtors £'000	Garden Waste £'000	Homelessness £'000	Total £'000
< 1 month	502	48	35	585	574	66	16	656
1 - 3 months	78	4	38	120	87	46	31	164
3 - 6 months	40	115	29	184	28	6	39	73
6 - 12 months	19	2	27	48	81	52	64	197
1 year +	98	1	141	240	85	3	173	261
TOTAL	**737**	**170**	**270**	**1,177**	**855**	**173**	**323**	**1,351**

Collectability of Debt

The Council does not generally allow credit for customers, however it is prudent to establish a provision for non-payment of debt. This calculation is based upon the type of debtor and the size and age of the debt adjusting for individual cases where appropriate. The Council's potential maximum exposure to default and uncollectability of the debt based on experience over the last five financial years is shown in the table below.

	Amounts as at 31 March 2025 £'000	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions as at 31 March 2025 %	Estimated Maximum Exposure to Default and Uncollectability £'000
Debtors				
General Debtors	855	1.8	11.2	96
Garden Waste	173	2.0	19.1	33
Homelessness	323	10.3	60.1	194
TOTAL	**1,351**			**323**

The variation between the historical experience and the adjustment for market conditions is due to the nature and age of the debt outstanding which can take several years to recover prior to any write-off action being taken.

19. CASH & CASH EQUIVALENTS

Investments which are considered to be of a 'liquid' nature are to be included under the category of cash and cash equivalents. Under the Council's accounting policies any internally managed investments of three months or less from the date of acquisition will be recognised as cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value).

	At 31 March 2024 £'000	At 31 March 2025 £'000
Short Term Deposits		
Federated	7,866	8,000
Deutsche	0	4,394
Barclays Bank	3,000	3,000
HSBC	3,000	3,000
BNP Paribas	0	407
National Westminster Bank	50	50
	13,916	**18,851**
Cash in Hand	**289**	**378**
TOTAL	**14,205**	**19,229**

20. CREDITORS

Short Term Creditors

	At 31 March 2024 £'000	At 31 March 2025 £'000
General Fund		
Central Government	(1,107)	(1,490)
Receipts in Advance	(1,362)	(1,208)
Local Authorities	(948)	(318)
Employees	(133)	(115)
Other Creditors	(1,717)	(2,790)
	(5,267)	**(5,921)**
Collection Fund		
Central Government	(8,257)	(3,551)
Local Authorities	(1,652)	(710)
NNDR Payers (Borough Council's share)	(536)	(772)
NNDR Pool	(346)	(1,584)
Council Tax Payers (Borough Council's share)	(389)	(443)
	(11,180)	**(7,060)**
TOTAL	**(16,447)**	**(12,981)**

Financial Instruments Disclosures

Creditors meeting the definition of financial instruments are disclosed below. The Council considers these creditors to be of a contractual nature rather than statutory creditors or creditors with other public sector bodies. For these creditors the carrying amount is also deemed to be fair value (being the amount that the market is willing to settle liabilities).

	At 31 March 2024 £'000	At 31 March 2025 £'000
General Fund		
Other Creditors	(1,803)	(2,790)
TOTAL	**(1,803)**	**(2,790)**

All liabilities are paid as soon as possible after the end of the financial year.

21. PROVISIONS

Provisions are required for liabilities or losses that are likely to be incurred, or certain to be incurred, but uncertain as to the amount or the date on which they will arise. They are charges to the appropriate revenue account and when the expenditure occurs it is charged to the provision. They should only be used for the purpose for which they were established.

		Balance at 1 April £'000	Additions in Year £'000	Expenditure In Year £'000	Balance at 31 March £'000
2023/24	NNDR Appeals	(5,052)	(1,153)	1,095	(5,110)
	Adoption of Amenity Areas	(95)	(5)		(100)
	TOTAL	**(5,147)**	**(1,158)**	**1,095**	**(5,210)**
2024/25	NNDR Appeals	(5,110)	(1,170)	3,739	(2,541)
	Adoption of Amenity Areas	(100)	(5)		(105)
	TOTAL	**(5,210)**	**(1,175)**	**3,739**	**(2,646)**

- **NNDR Appeals** – business ratepayers can appeal against the rateable value applied to the property by the Valuation Office. This provision represents the Authorities share of the cost arising from successful appeals. Due to the appeals being heard by an external party the Council is unable to determine the likely settlement date of any appeal, therefore the provision is recognised as long term rather than short term. See Note 4 to the Collection Fund Accounts for further details.
- **Adoption of Amenity Areas** – repairs to a banked area of the M20 slip road at Junction 4.

22. GRANTS AND CONTRIBUTIONS IN ADVANCE AND GRANTS AND CONTRIBUTIONS UNAPPLIED

These are grants and contributions received, but as yet, have not been applied to revenue and capital projects. Those with conditions are treated as receipts in advance under long term liabilities and those without conditions are held in a reserve.

Transactions in the Year in respect of Grants and Contributions in Advance

	Balance at 1 April £'000	Receipts £'000	Interest £'000	Transfer to Third Parties £'000	Applied to Capital £'000	Applied to Revenue £'000	Balance at 31 March £'000
2023/24							
Aylesford Newsprint	(1,169)	(111)	(49)	568	0	0	(761)
Better Care Fund	(1,153)	(338)	0	0	0	0	(1,491)
Carpenters Lane	(133)	0	(7)	19	0	0	(121)
Clare Park Estate	(284)	0	(16)	0	0	0	(300)
Kings Hill Avenue	(1,265)	0	(70)	204	0	0	(1,131)
Oakhill House	(76)	(338)	(4)	0	0	0	(418)
Peter's Pit	(273)	0	0	123	0	150	0
Sportsmans' Bungalow	(627)	0	(34)	57	0	0	(603)
Other	(336)	(1,117)	(35)	99	292	0	(1,096)
TOTAL	**(5,316)**	**(1,904)**	**(215)**	**1,070**	**292**	**150**	**(5,921)**
2024/25							
Aylesford Newsprint*	(646)	0	(33)	0	0	7	(672)
Better Care Fund	(1,491)	(1,286)	0	0	1,183	0	(1,594)
Carpenters Lane	(121)	0	(6)	0	0	0	(127)
Clare Park Estate	(300)	0	(15)	0	0	0	(315)
Kings Hill Avenue	(1,131)	0	(58)	70	0	0	(1,119)
Oakhill House	(418)	0	(21)	0	0	0	(439)
Salix Decarbonisation fund	0	(351)	0	0	316	0	(35)
Sportsmans' Bungalow	(603)	0	(31)	2	0	0	(632)
Other*	(1,211)	(2,185)	(60)	190	1,030	0	(2,236)
TOTAL	**(5,921)**	**(3,822)**	**(224)**	**262**	**2,530**	**7**	**(7,169)**

*Opening Balances have been restated between lines, no amendment has been made to the total balance brought forward.

Transactions in the Year in respect of Grants and Contributions Unapplied

		Balance at 1 April £'000	Receipts £'000	Applied to Capital £'000	Applied to Revenue £'000	Balance at 31 March £'000
2023/24	Yates Yard	179	0	0	0	179
2023/24	Other	173	49	0	(44)	178
2023/24	**TOTAL**	**352**	**49**	**0**	**(44)**	**357**
2024/25	Yates Yard	179		0	0	179
2024/25	Other	178	151	0	(4)	325
2024/25	**TOTAL**	**357**	**151**	**0**	**(4)**	**504**

23. CAPITAL ADJUSTMENT ACCOUNT

The capital adjustment account provides a balancing mechanism between the different rates at which assets are depreciated under the Code, and are financed through the capital controls system. The account is credited with the amounts set aside to finance the cost of acquiring/enhancing non-current assets. It is debited with the cost of acquisition/enhancement as the assets are depreciated/impaired to the Comprehensive Income and Expenditure Statement. The account also contains accumulated gains/losses on investment properties and operational land and buildings pre-dating 1 April 2007.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
Balance at 1 April		**43,601**		**42,768**
Capital Financing applied in year				
Revenue	667		2,647	
Capital Grants & Contributions	117		844	
Capital Receipts	246		0	
Minimum Revenue Provision	0	1,030	84	3,575
Reversal of items charged to the Comprehensive Income and Expenditure Statement				
Depreciation & Amortisation of Non-Current Assets	(2,514)		(2,693)	
Impairment of Non-Current Assets	(996)		(1,437)	
Leased Assets	0		131	
Net Book Value of Assets Disposed	(121)	(3,631)	(11)	(4,010)
Amounts Written-out of the Revaluation Reserve				
Difference between fair value & historical cost depreciation	1,061		1,135	
Accumulated Gains / (Loss) on Assets Disposed	88	1,149	0	1,135
Movement in the Fair Value of Investment Properties		619		(70)
BALANCE AT 31 MARCH		**42,768**		**43,398**

24. REVALUATION RESERVE

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from holding operational land and buildings. The balance on the reserve is reduced when assets with accumulated gains are revalued downwards or impaired and the gains lost; used in the provision of services and the gains consumed through depreciation; disposed and the gains realised. Accumulated gains pre-dating 1 April 2007 were transferred to the Capital Adjustment Account.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
Balance at 1 April		**49,247**		**51,994**
Surplus / (Deficit) on Revaluation not posted to the (Surplus) / Deficit on the Provision of Services				
Upward revaluations	4,896		8,364	
Downward revaluations / impairments	(1,000)	3,896	(608)	7,756
Amounts Written-Off to the Capital Adjustment Account				
Difference between fair value & historical cost depreciation	(1,061)		(1,135)	
Accumulated gains / (loss) on assets sold or scrapped	(88)	(1,149)	0	(1,135)
BALANCE AT 31 MARCH		**51,994**		**58,615**

25. RELATED PARTY TRANSACTIONS

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

United Kingdom Central Government

United Kingdom Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are included in the subjective analysis in Note 7 on segmental reporting and in the analysis of grant income in Note 14.

Members and Chief Officers

All Members and Chief Officers of the Council are required to disclose where they or any member of their family or household has an interest in a company, partnership or trust that has had transactions with the Council. Disclosures of these transactions allow readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

When completing the disclosure Members are asked to confirm that their register of interests held by the Council's Monitoring Officer, https://democracy.tmbc.gov.uk/mgMemberIndex.aspx?bcr is up to date. Chief Officers disclose any register of interest with the Chief Executive and Monitoring Officer.

The Council makes a number of appointments of Councillors to local outside bodies to act as the Council's representatives. During 2024/25 the Council funded some of these organisations, the total sum of £552,000 (2023/24: £878,000).

In addition, under the Council's Code of Conduct for Members, (https://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/council-constitution/articles/standards-committee) they are required to declare at Council meetings any interest they may have in an item on the agenda. If it is considered that the interest is prejudicial the Member is required to leave the meeting and not take part in the discussion or decision.

Returns were received from all but 1 non-executive member of 43 Councillors elected as at the end of the 2024/25 financial year, the non-return was due to severe ill health of the member concerned. No transactions are considered of material significance to warrant separate disclosure in the Accounts.

26. MEMBERS' ALLOWANCES

The total paid in Members' allowances, including travel and subsistence expenses, is shown in the table below.

	2023/24 £'000	2024/25 £'000
Basic Allowance	232	237
Special Responsibility Allowance	108	116
Travel & Subsistence Expenses	2	1
Mayor's & Deputy Mayor's Allowance	7	8
Members' National Insurance Contributions	8	9
TOTAL	**357**	**371**

The Council also produce a statement, in accordance with provision 1021 15(3) of the *Local Authorities (Members Allowance) (England) Regulations 2003*, giving details of allowances paid to individual Members for the year. The statement may be seen on the Council's website and on notice boards at the Council's Kings Hill and Tonbridge Castle offices.

27. EXTERNAL AUDIT FEES

The Council's auditors are Grant Thornton UK LLP. The Council incurred the following fees relating to external audit carried out during 2024/25.

	2023/24 £'000	2024/25 £'000
External audit services	147	164
Certification of grant claims and returns	30	30
	177	194

All work undertaken by the external auditors was carried out under the Code requirements. No non-audit work was undertaken by the external auditors.

28. CONTINGENT LIABILITIES

The Council has identified three contingent liabilities and one offsetting contingent asset that it considers the readers of these account should be made aware of.

Private Finance Initiative

In 2007/08 the Council entered into a partnership arrangement with Kent County Council and nine other district councils within Kent to provide new homes for vulnerable people. The scheme's assets are shown on Kent County Council's Balance Sheet and are funded by Private Finance Initiative credits paid to the County Council over a thirty-year period. In the event of the scheme ceasing due to force majeure the Council will be liable for an estimated £0.78 million, as at year 20 of the scheme. However, the risk of this occurring as at 31 March 2025 was considered remote.

Contractor Vehicles

During 2023/24 both this Council and Tunbridge Wells Borough Council made some changes to the Contractual Arrangements with the Company providing Refuse, Recycling and Street Cleansing Services to both Boroughs.

The change involved the alteration of refuse routes and the replacement of the vehicles used to collect waste from households. The replacement vehicles are now being leased through to 2031, beyond the end of the current contract period which ends in March 2027. At the end of the contract period the lease arrangements will be transferred to the new contract and both the assets and the financing responsibilities for these leases will be, either the responsibility of the Councils, or the new service provider.

Work on the commissioning for the new service arrangements commenced in 2024/25 and as such, it is yet to be determined on who any remaining asset and liability values would fall to; therefore, the decision has been taken to include these as contingent assets and liabilities in the financial statements for 2024/25. Once the contractual terms and conditions have been agreed for the contract commencing in April 2027, further consideration will be given to the effect in future financial statements.

COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to council tax and non-domestic rates and illustrates the way in which these have been distributed to central government, precepting authorities and the General Fund as appropriate. The Collection Fund is consolidated with the other accounts of the billing authority.

INCOME AND EXPENDITURE ACCOUNT

2023/24				2024/25		
Council Tax	NNDR	Total		Council Tax	NNDR	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Income			
115,086	62,495	177,581	Billed to Tax Payers	121,797	70,614	192,411
		0	Contribution towards Previous Years' Collection Fund Deficit			0
115,086	**62,495**	**177,581**	**Total Income**	**121,797**	**70,614**	**192,411**
			Expenditure			
			Precepts and Demands			
80,864	5,727	86,591	Kent County Council	86,143	6,984	93,127
12,816		12,816	Police & Crime Commissioner for Kent	13,698		13,698
4,601	636	5,237	Kent & Medway Fire & Rescue Authority	4,808	776	5,584
12,187	25,455	37,642	Tonbridge & Malling Borough Council	12,736	31,041	43,777
3,731		3,731	Parish Councils	3,803		3,803
	31,819	31,819	Central Government		38,801	38,801
	(5,689)	(5,689)	Transitional Protection		(1,081)	(1,081)
601	2,998	3,599	Contribution towards Previous Years' Collection Fund Surplus	582	4,595	5,177
198	166	364	Amounts Written-Off	119	116	235
450	370	820	Provision for Non-Payment	730		730
	2,883	2,883	Provision for Appeals not Paid		2,924	2,924
	(2,739)	(2,739)	Appeals Paid in Year		(9,348)	(9,348)
	160	160	Cost of Collection Allowance		161	161
115,448	**61,786**	**177,234**	**Total Expenditure**	**122,619**	**74,969**	**197,588**
(362)	709	347	**Surplus / (Deficit) for the Year**	(822)	(4,355)	(5,177)
437	3,309	3,746	Balance B/fwd at 1 April	75	4,018	4,093
75	**4,018**	**4,093**	**Balance C/fwd at 31 March**	**(747)**	**(337)**	**(1,084)**

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimated at 1 April 1991 values, for this specific purpose. The property valuations are carried out by the Valuation Office Agency. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Kent County Council, Police and Crime Commissioner for Kent, Kent and Medway Fire and Rescue Authority, and the Borough Council and dividing this by the Council Tax Base.

Precepts

Authorities who made a precept on the Collection Fund are:

	2023/24 £	2024/25 £
Kent County Council	80,863,571	86,143,319
Police & Crime Commissioner for Kent	12,815,534	13,698,372
Kent & Medway Fire & Rescue Authority	4,601,259	4,808,201
Tonbridge & Malling Borough Council	12,187,271	12,736,304
	110,467,635	117,386,196
Parish Councils	3,731,383	3,802,623
TOTAL	**114,199,018**	**121,188,819**

Council Tax Base

The Council Tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted where discounts apply) converted into an equivalent number of Band D dwellings was calculated as follows:

		2023/24			2024/25	
Band	Estimated no of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	3.50	5/9ths	1.95	2.75	5/9ths	1.53
A	984.64	6/9ths	656.44	992.47	6/9ths	664.98
B	2773.05	7/9ths	2,156.84	2.804.61	7/9ths	2,200.04
C	13,014.73	8/9ths	11,568.64	13.098.50	8/9ths	11,643.11
D	12,462.71	9/9ths	12,462.71	12.530.30	9/9ths	12,530.30
E	8,714.47	11/9ths	10,651.02	8.865.56	11/9ths	10,835.69
F	5,116.10	13/9ths	7,389.93	5.254.20	13/9ths	7,589.40
G	4,714.33	15/9ths	7,857.21	4.802.80	15/9ths	8,004.67
H	436.50	18/9ths	873.00	438.91	18/9ths	877.82
			53,617.74			54,347.54
Estimated Collection Rate			98.30%			98.40%
COUNCIL TAX BASE			**52,706.29**			**53,477.93**

Band D Council Tax

	2023/24 £	2024/25 £
Kent County Council	1,534.23	1,610.82
Police & Crime Commissioner for Kent	243.15	256.15
Kent & Medway Fire & Rescue Authority	87.30	89.91
Tonbridge & Malling Borough Council	210.71	215.78
	2,075.39	2,172.66
Special Expenses (average)	20.52	22.38
Parish Councils (average)	70.80	71.11
TOTAL	**2,166.71**	**2,266.15**

This basic amount of council tax for a Band D property of £2,172.66 for 2024/25 (2023/24: £2,075.39) is multiplied by the proportion specified within the *Local Government Finance Act 1992* for the particular band to give an individual amount due. In addition to this, charges are made specifically in relation to special expenses and the precepts of Parish Councils as appropriate.

2. NATIONAL NON-DOMESTIC RATES (NNDR)

Non-domestic rates are organised on a national basis. The Government specified a "rate poundage" of 54.6p (2023/24: 51.2p) for large businesses or 49.9p (2023/24: 49.9p) for small businesses in 2024/25 and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

Business Rates income, takes into account tariffs and top-ups collected above or below a pre-determined baseline funding level and will be shared between central government, the billing authority and other major precepting authorities covered by the Business Rates Retention Scheme, subject to safety net and levy arrangementsThe NNDR income, after relief and provisions of £71,997,000 for 2024/25 (2023/24: £68,184,000), is based on the total rateable value for the Council's area which at the year-end was £173,784,524 (2023/24: £171,890,667).

3. IMPAIRMENT ALLOWANCE

	2023/24			2024/25		
	Council Tax £'000	NNDR £'000	Total £'000	Council Tax £'000	NNDR £'000	Total £'000
Balance at 1 April	3,190	630	3,820	3,640	1,000	4,640
Write-Offs	(198)	(166)	(364)	(119)	(116)	(235)
Receipts	0	0	0	0	0	0
Contribution to Allowance	648	536	1,184	849	116	965
BALANCE AT 31 MARCH	**3,640**	**1,000**	**4,640**	**4,370**	**1,000**	**5,370**

4. NATIONAL NON-DOMESTIC RATES PROVISION FOR VALUATION APPEALS

An assessment has been made of the potential liability of valuation appeals arising from business rate premises in respect of monies received by the Council up to 31 March 2025. This provision has been based upon information received from the Valuation Office Agency for appeals lodged up to 31 March 2025, and an element for appeals in respect of monies received in 2024/25. No appeal has yet been lodged. The total amounts are shown in the table under Note 6 below.

5. COLLECTION FUND SURPLUSES AND DEFICITS

The Borough Council is required to estimate the amount of the surplus or deficit on the Collection Fund for the financial year in respect of council tax and national non-domestic rates. The estimated surplus or deficit is then shared between the Kent County Council, Police and Crime Commissioner for Kent, Kent and Medway Fire and Rescue Authority, Central Government and the Borough Council as appropriate. The estimated surplus for 2024/25 in respect of council tax was £581,907 and the estimated surplus 2024/25 in respect of NNDR was £4,595,215. The actual deficit of £747,215 in respect of council tax, and the actual deficit of £336,906 in respect of NNDR at 31 March 2025 will be taken into account when estimating the surplus/deficit for 2025/26.

6. ALLOCATION OF ARREARS, PREPAYMENTS AND OTHER BALANCES

Each of the bodies' share of the arrears, pre-payments / refunds and other balances for both council tax and NNDR is shown in the table below.

		KCC £'000	PCC £'000	KMFRA £'000	Gov't £'000	TMBC £'000	Total £'000
At 31 March 2024	Council Tax Arrears	5,647	887	320		1,857	8,711
	Council Tax Provision for Bad Debts	(2,573)	(404)	(146)		(517)	(3,640)
	Council Tax Prepayments & Refunds	(1,936)	(304)	(110)		(389)	(2,739)
	Council Tax Cash	(1,085)	(171)	(61)		(941)	(2,258)
	Council Tax (Surplus) / Deficit	(53)	(8)	(3)		(10)	(74)
	NNDR Arrears	236		26	1,309	1,075	2,646
	NNDR Provision for Bad Debts	(90)		(10)	(500)	(400)	(1,000)
	NNDR Provision for Appeals	(1,150)		(127)	(6,388)	(5,110)	(12,775)
	NNDR Prepayments & Refunds	(121)		(13)	(670)	(536)	(1,340)
	NNDR Cash	1,487		164	8,258	6,578	16,487
	NNDR (Surplus) / Deficit	(362)		(40)	(2,009)	(1,607)	(4,018)
	TOTAL	**0**	**0**	**0**	**0**	**0**	**0**
At 31 March 2025	Council Tax Arrears	6,556	1,042	369		2,099	10,066
	Council Tax Provision for Bad Debts	(3,107)	(494)	(175)		(594)	(4,370)
	Council Tax Prepayments & Refunds	(2,314)	(368)	(130)		(443)	(3,255)
	Council Tax Cash	(1,666)	(264)	(94)		(1,164)	(3,188)
	Council Tax (Surplus) / Deficit	531	84	30		102	747
	NNDR Arrears	166		18	922	773	1,879
	NNDR Provision for Bad Debts	(90)		(10)	(500)	(400)	(1,000)
	NNDR Provision for Appeals	(571)		(63)	(3,176)	(2,541)	(6,351)
	NNDR Prepayments & Refunds	(174)		(19)	(965)	(772)	(1,930)
	NNDR Cash	639		71	3,550	2,805	7,065
	NNDR (Surplus) / Deficit	30		3	169	135	337
	TOTAL	**0**	**0**	**0**	**0**	**0**	**0**

A GLOSSARY OF LOCAL AUTHORITY FINANCIAL TERMS AND ABBREVIATIONS

For the purpose of compiling the Statement of Accounts, the following definitions have been adopted:

Accounting Period
This is the period covered by the Accounts which is the 12-month period commencing 1 April each year.

Accounting Policies
Those principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in the financial statements.

Accruals
The inclusion of outstanding debtors and creditors in the year's income, expenditure and capital expenditure.

Actuarial Gains and Losses
A professional assessment of the increases or decreases in the projected obligations of a defined benefit pension scheme as a result of a (periodic) re-evaluation of the assumptions made in the previous assessment.

Amortised Cost
Amortised cost (in relation to financial instruments) is the amount on initial recognition plus the interest taken to income and expenditure less cash paid or received for both interest and principal.

Asset
An item having value measurable in monetary terms. A non-current asset has use and value for more than one year; a current asset is expected to be converted into cash within a year.

Balances
The non-earmarked capital or revenue reserves of an authority, made up of the accumulated surplus of income over expenditure on the General Fund. Revenue balances may be utilised to provide for unforeseen circumstances or to ensure that payments can be made pending the receipt of income and may be used to reduce the Council Tax Levy.

Balance Sheet
This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (over one year)
- the assets employed in its operations
- summarised information on the long-term assets (items that are held for more than one year) by category.

Budget
The Council's aims and policies set out in financial terms, against which performance is measured. Both capital and revenue budgets are prepared by the Council.
The revenue budget is a financial statement of planned expenditure required to deliver the Council's policies over the financial year. It is illegal for councils to budget in excess of available resources.
The budget requirement is calculated in advance of each year. It is, broadly, estimated net revenue expenditure as funded by formula grant, council tax and business rates.

Business Rate Retention Scheme
A scheme introduced in April 2013 under which billing authorities are able to retain a proportion of the business rates they collect.

Capital Adjustment Account
This account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Expenditure
Expenditure for the purchase or improvement of significant assets including land, buildings, and equipment, which will be of use or benefit in providing services for more than one financial year.

Capital Financing
The raising of money to pay for capital expenditure, including borrowing, revenue financing, usable capital receipts, capital grants and capital contributions.

Capital Receipts
The proceeds from the sale of land, buildings and other capital assets. Strict rules govern their use: they cannot be used for revenue purposes.

The Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the accountancy body which represents at national level the interests of local government and public service finance. As well as awarding public sector specific accountancy qualifications the Institute also produces advice, codes of practice, and guidance to local authorities on best practice.

Collection Fund
A separate fund maintained by a billing council which records the expenditure and income relating to council tax and business rates.

Community Assets
Non-current assets that the local council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

Comprehensive Income & Expenditure Statement
This records all the income the Council has received to fund the day-to-day expenditure on the services it has provided during the financial year.

Contingent Asset
A potential asset for the Council that is dependent on the outcome of a decision or action outside of the Council's control. Typically, a contingent asset is related to a legal action involving the authority, the outcome of which is uncertain at the time of preparing the balance sheet.

Contingent Liability
A potential liability for the Council that is dependent on the outcome of a decision or action outside of the Council's control. Typically, a contingent liability is related to a legal action involving the authority, the outcome of which is uncertain at the time of preparing the balance sheet.

Creditor
Amounts owed by the Council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

Current Service Cost
The increase in the present value of a defined pension scheme's liabilities expected to arise from employee service in the current period i.e. the pension benefits "earned" by employees in the year.

Current Value
The value of a non-current asset which reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtor
Amounts due to the Council for works done, goods received, or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

Depreciation
The measure of the cost or revalued amount of the benefits of the non-current assets that have been consumed during the period.

Fair Value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Profit and Loss (FVPL)
A classification of a financial instrument by measurement basis. See Accounting Policies for further information.

Fund
A major division of the Council’s accounts, for example the General Fund or the Collection Fund. It is sometimes also used in a different sense to designate an earmarked reserve.

General Fund
This is the main revenue account and covers the day-to-day spending requirements of providing services. It is paid for out of council tax, formula grant, specific grants and fees and charges. It also includes the cost of services provided by other bodies which make a levy.

Going Concern
The concept that the authority will remain in operational existence for the foreseeable future; in particular, that the revenue accounts and balance sheet are not based on the assumption of an intention to curtail significantly the scale of operations.

Government Grants
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets, in return for past or future compliance with certain conditions relating to the activities of the authority.

Gross Expenditure
The total cost of providing services before deducting any income.

Held for Sale Assets
Where there is reasonable certainty that an item of property, plant or equipment is likely to be disposed of via a sale in the next twelve months it is reclassified to the category of ‘Held for Sale’.

Heritage Assets
This is a separate class of asset (land, building, artefacts, vehicles etc.) that is held principally for its contribution to knowledge or culture and which meets the definition of a Heritage Asset.

Impairment
A reduction in the value of an asset below its carrying amount on the Balance Sheet.

Income
Monies received or due from rents, fees and charges for services, specific grants and investment interest.

Infrastructure Assets
Non-current assets whose life is of indefinite length, and which are not usually capable of being sold, such as highways and footpaths

Intangible Assets
These are non-financial assets that do not have physical substance but are identifiable and controlled by the Council through custom legal rights (e.g. software).

International Financial Reporting Standards
Guidelines and rules set by the International Accounting Standards Board that companies and organisations can follow when compiling financial statements.

Investments
In the context of the Statement of Accounts, this term refers only to long-term investments which are intended to be held for use on a continuing basis in the activities of the authority. Where investments do not meet this criterion, they have been classified as current assets.

Investment Properties
Investment properties are those that are used primarily to earn rentals and/or for capital appreciation.

Liabilities
Amounts which will become payable by the Council in the short or long term.

Materiality
Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about the Council.

Net Book Value (NBV)
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Expenditure
Gross expenditure for a service, less (“net of”) directly related income.

Net Realisable Value (NRV)
The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Operational Assets
Non-current assets held and occupied, used or consumed by the local council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility or for the service or strategic objectives of the Council.

Outturn
The actual results for the financial year specified.

Past Service Cost
Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

Pooled Investment
An investment that uses funds from a number of individual investors, which are then combined into a single investment fund.

Precept
The levy made by those authorities which do not run the local taxation system, e.g. KCC, Kent Fire and Rescue Service, Kent Police & Crime Commissioner, on Tonbridge and Malling Borough Council which collects the required income from local taxpayers on their behalf.

Property, Plant and Equipment
An asset that has physical substance which is used in the provision of services and is expected to be in use for longer than one year. The value is depreciated over the estimated life of the asset.

Provision
A provision is made when the Council has a present obligation as a result of a past event and it is probable that the Council will be required to settle that obligation.

Reserves
The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in a non-current asset on the Balance Sheet. Such expenditure is charged to the Comprehensive Income & Expenditure Statement.

Section 151 Officer Section
Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Director of Finance & Transformation is the Council's Section 151 Officer.

ANNUAL GOVERNANCE STATEMENT

Purpose of this Statement

The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

Scope of responsibility

Tonbridge & Malling Borough Council is responsible for ensuring that its business is conducted in accordance with the law covering local authority activities, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are carried out, having regard to a combination of economy, efficiency and effectiveness.

To discharge this, the Council must have proper arrangements for the governance of its affairs. the Council's Legal Services team prepares a Local Code of Corporate Governance which is approved and adopted annually by the Council. This statement explains how the Council complies with the Code and meets the requirements of the Accounts and Audit (England) Regulations which requires all relevant bodies to prepare this Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems, culture and activities through which the Council accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. This framework has been in place for the year up to 31 March 2025 and up to the date of approval of this statement.

The system of internal control is a significant part of this framework and is designed to manage risk to reasonable levels. It cannot eliminate all risk but can provide reasonable assurance of effectiveness. The review of internal controls is based on processes designed to identify and prioritise the achievement of the Council's policies, aims and objectives, and the risks that may cause them not to be achieved.

The governance framework

The Council's Local Code of Corporate Governance sets out the arrangements in place to govern the Council's activities under seven main headings.

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Standards of conduct are governed through specific Codes of Conduct for both Members and officers. The constitution contains the Protocol on Member/Officer Relations to ensure effective communication. Registers on declarations for officer and Member interests that may impact on the Council decision making processes are held by the Monitoring Officer. The register for Members is available on the Council's website and Members are asked to state that their register entry is up to date as part of their annual declaration of interests included within the financial statements.

The Members' Code of Conduct, communicated to all Members on induction, is based around ethical behaviour and requires objective and impartial decision making. The Joint Standards Committee is responsible for upholding Member standards and ensuring Members receive suitable training and support in respect of ethical standards.

The Officer Code of Conduct is shared and acknowledged by staff on an annual basis. An annual staff appraisal scheme ensures monitoring and achievement of agreed performance. Training and development needs, including the requirements for Continued Professional Development for qualified staff, is identified through the appraisal system.

The Council's Constitution ensures that activities are discharged by legislative requirements; these include rules covering Finance and Procurement and additional strategies and policies for activities where necessary.

Ensuring openness and comprehensive stakeholder engagement

The Constitution sets out the decision-making framework, including statutory functions and the scheme of delegated responsibilities. The Constitution is reviewed by the Monitoring Officer and Management Team, proposed changes are presented to Council for adoption, unless allowed under the Monitoring Officer's delegated authority.

Notices of Key Decisions to be taken by Members are published in advance via the Council's website. All formal Member meetings, unless considered confidential under the Local Government Act 1972, are open to the public and live streamed on YouTube.

Delegated powers for Committees, Members and Officers, including the statutory officers of Head of Paid Service (Chief Executive), Monitoring Officer and Section 151 Officer, are set out in the Council's Constitution. The Constitution also contains the Council's Financial and Contract Procedure Rules, and standing orders.

The Overview and Scrutiny Committee is responsible for reviewing and scrutinising the decisions made by, and performance of, the Cabinet and/or Committees and Council Officers. Call in procedures allow Members to challenge decisions made by Cabinet or a Cabinet Member. Scrutiny Select Committees have the power to investigate any matters they consider relevant to their work area, and to make recommendations to Cabinet as they see fit.

The Council has arrangements to communicate and consult with stakeholders on the Council's work and key policy changes and this consultation allows the development of strategic priorities and the Corporate Strategy. In addition, the Council uses its complaints procedure to understand where services can be improved.

Defining outcomes in terms of sustainable economic, social and environmental benefits

The Council's current Corporate Strategy was approved by Full Council in the Summer of 2023.

The strategy covers the period 2023 to 2027 and sets out our vision: "To be an innovative and forward-thinking council, that leads the people and businesses of the borough towards a vibrant, prosperous and sustainable future."

Supporting the Corporate Strategy is the Council's Annual Service Delivery Plan and is developed and agreed each year alongside the budget. This is a performance management tool that sets out priority actions for the year, along with key milestones and performance targets that can be used to monitor whether the Council is on track with delivery. The annual Service Delivery Plan is also aligned to the annual staff appraisal process.

The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets and underpins the budget setting process for both the forthcoming year and the strategy period. The MTFS provides a sustainable plan that reflects the Council's priorities. Any funding gap identified is managed through the Savings and Transformation Strategy which provides structure, focus and direction in addressing the significant financial challenge.

Impacts covering risk, value for money, equalities and diversity, climate change and other cross cutting issues are set out in Member reports where relevant.

Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council's Constitution sets out the decision making process, with all decisions being informed through reports to include officer and professional (where applicable) advice. Alternative proposals, where relevant, are provided to provide Members with options for decisions.

The Corporate Strategy acts as a reference point for decisions taken to maintain and improve services. This is supported by the Annual Service Delivery Plan, and both documents are shared with officers through the annual appraisal system.

The Council reports Key Performance Indicators which are monitored by officers and service management teams and reported to Members through the Overview and Scrutiny Committee and Cabinet.

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Improving value for money is achieved by the Council through innovative use of Information Technology, joint working and shared services supported by robust financial budgeting and monitoring arrangements.

During 2024/25 the Council adopted a new Project Management Framework that provide officers with the tools to successfully deliver projects to achieve both the projects goals and the targets set in the Annual Service Delivery plan. Member training is provided on both a programmed and ad hoc basis covering general or committee specific subjects. Officer training is provided covering both mandatory and voluntary training, as well as learning and development opportunities.

The Council is now beginning to undertake several large projects within the next few years, the Refuse, Recycling, and Street Cleansing Contract, the replacement Leisure Centre and the announcement for Local Government Reorganisation being three of many, meaning that both financial and staffing resources will be under pressure to deliver. The Corporate Management Team will continue to have close oversight of these projects and provide and or divert addition resources to keep these projects managed and delivered.

Managing risks and performance through robust internal control and strong public financial management

The Audit Committee's responsibility, as set out in the Constitution, is to provide independent assurance of the adequacy of the risk management framework and associated control environment.

To do so, the Council has a Risk Management Strategy that sets out the roles of Members and officers in the identification and minimisation of risk. Cabinet appointed the Chair of the Audit Committee to be the Member Risk Champion. An Officer Risk Champions Group develops and promotes the risk management process throughout the Council. Risk Management is now a standard paragraph on Cabinet Reports and a standing item on the Council's Management Team and Service Management Teams.

The strategy and guidance explains that risks identified are scored on their likelihood and impact, and that existing controls and required actions to further mitigate risks are captured in risk registers. Where high risks are identified these are escalated through from Services to the Corporate Management Team and if necessary, onto the Strategic Risk Register for reporting to Members of the Audit Committee through the scheduled programme of meetings.

As previously mentioned, Member reports include an explanation of the risks associated with the recommended decisions being offered.

The Council's Internal Audit function is provided by Kent County Council under delegation and operates in line with proper practices which is governed by the Public Sector Internal Audit Standards and the CIPFA application note to the Standards. The Chief Audit Executive role meets the requirements as set out in the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Audit Committee are responsible for the Council's anti-fraud, bribery and corruption arrangements including whistleblowing. The Chief Audit Executive is responsible for the maintenance of the Council's Anti-Fraud, Bribery & Corruption Policy and Whistleblowing Policy and has arrangements and resources in place to investigate any allegations made under either document.

The Council's financial information and reporting arrangements are sound and the external auditor following the 2023/24 audit identified one ongoing weakness regarding procurement under the heading of 'Improving economy, efficiency and effectiveness'. These matters were reported to the Audit Committee along with the management response in January 2025. The actions within the management response have been progressed since the committee with the Council joining the Mid Kent Procurement Partnership in April 2024 for the provision of Procurement Services to the Council. It was acknowledged by Grant Thornton, in their Value for Money Review for 2023/24, that although progress had been made they would continue to monitor the implementation of these actions and report back within the 2024/25 Value for Money review.

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council has implemented the mandatory and (where cost effective) recommended principles set out in the Local Government Transparency Code.

All reports (save those which are exempt) for both historic and prospective meetings of the Council and its Committees and Boards are made available to the public through the Council's website. Where possible, reports are written in a public-facing and non-technical manner.

The annual Statement of Accounts reports the Council's financial performance and is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK and is subject to external audit. Included within the Accounts is an opinion given by the Council's external auditors on value for money through economic, efficient and effective use of resources.

The Review of Effectiveness of the System of Internal Audit for the year 2023/24 concluded that a good system of internal audit is in place within the Council.

Review of effectiveness

Tonbridge & Malling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Audit Executive's Annual Report, and also by comments made by the external auditor and other review agencies and inspectorates.

The effectiveness of the Council's governance arrangements has been evaluated through a self-assessment against the principles of the CIPFA/SOLACE document, Delivering Good Governance in Local Government Framework 2016.

It should be noted that no significant governance issues were identified in the Annual Governance Review and no other areas were identified for significant further enhancement. A change was made in the year to the legal implications section of Member reports to make it clear where the commentary had been vetted by the Legal team. For completeness no audit reports received a 'no assurance' opinion.

Signed	Signed
[redacted]	[redacted]
Chief Executive	Leader of the Council
Dated 31st May 2025	Dated 31st May 2025

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Serving our community

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ME19 4LZ

Overview of Statement of Accounts 2024/25

The Statement of Accounts 2024/25 consists of, amongst other things, the following financial statements and associated notes; the Comprehensive Income and Expenditure Statement; the Movement in Reserves Statement; the Balance Sheet; the Cash Flow Statement; and the Collection Fund.

1) Narrative Report (Pages 2 to 15)

The report provides, amongst other things, an overview of the Borough Council; a brief explanation of the financial aspects of the Council's activities for the year 2024/25; a review of the year; and possible issues for the future.

2) Statement of Responsibilities for the Statement of Accounts (Page 16)

This sets out the respective responsibilities of the Authority and the Council's responsible financial officer.

3) Comprehensive Income and Expenditure Statement (CIES) (Page 17)

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The Statement is divided into five distinct sections.

The first section provides segmental accounting information on the costs of the Council's continuing operations, net of specific grants and income from fees and charges, to give the net cost of services.

The second section comprises items of income and expenditure relating to the Council as a whole and not to any individual service, e.g. parish council precepts.

The third section comprises items of income and expenditure arising from financing and investment activities, e.g. investment income.

The fourth section shows the income from local taxation, general government grants and all capital grants and contributions in the period, to give the net deficit or surplus on provision of services for the year.

The final section shows other items that have contributed to the movement in the net worth of the Council, e.g. increase / decrease in the value of its assets, to give a total comprehensive income and expenditure for the year.

The total comprehensive income for the year is £15.187m compared to £8.94m in 2023/24. The movement of £6.2m is largely due to:

- Interest and investment income of £3.7m compared to £3.4m in 2023/24;
- Revaluation Gain on Tonbridge Castle Gatehouse of £3.9m, this is based on an increase in the insurance valuation.
- Government Grant funding of £7.5m, compared to £6.0m in 2023/24.
- NNDR net income of £3.3m compared to £0.7m in 2023/24.

4) Movement in Reserves Statement (Page 18)

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus / (deficit) on provision of services shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance for Council Tax setting. The net increase / (decrease) before transfers to or from earmarked reserves shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

5) Balance Sheet (Page 19)

This sets out the financial position of the Council as at 31 March 2025. The Balance Sheet is fundamental to the understanding of the Council's year-end financial position. It shows the Council's assets and liabilities, and its balances and reserves.

As at 31 March 2025 the total value of the Council's non-current assets was £102.01m (£94.8m at 31 March 2024). Movements in non-current assets reflect the Council's capital programme and revaluation, depreciation, impairment and disposal of assets.

In accordance with the rolling programme, public conveniences were the subject of revaluation. In addition to these properties, the Council's external valuers have also undertaken valuations of the Council's three main leisure facilities, as well as the Council Car Parks, to reflect the changes to parking charges and parking orders at some of the sights. Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net gain of £3,995,000, which is recognised in the revaluation reserve.

The Pensions Liability as at 31 March 2025 was £2.9m and as at 31 March 2024 £6.1m. The original valuation was a surplus of £8.7m, however, this was reduced to reflect the impact of an asset ceiling in accordance with the requirements of IFRIC 14. The asset ceiling limits the recognition of a surplus in the pension scheme to the extent that it is recoverable through refunds or reductions in future contributions.

The change in the pension fund deficit over the year is mainly dependent on asset returns, corporate bond yields and market expectations of inflation which when taken together has resulted in a decrease in the pension fund deficit compared to the previous year.

The Council's Reserves stand at £32.2m at 31 March 2025 comprising:

Revenue Reserve for Capital Schemes	£8.1m
Building Repairs Reserve	£1.1m
Property Investment Fund Reserve	£3.3m
Other Specific Earmarked Reserves	£8.7m
General Revenue Reserve	£11.0m

6) Cash Flow Statement (Page 20)

This summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes. The net cash inflow of £5.0m can be attributed to a number of factors including the sale of investments and Collection Fund movements.

7) Notes to the Accounts (Pages 21 to 67)

These are the notes to the four core financial statements detailed above.

8) Collection Fund and Associated Notes (Pages 68 to 76)

This reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions in relation to council tax and business rates and illustrates how the demands on the Fund from Kent County Council, Police and Crime Commissioner for Kent, Kent & Medway Fire and Rescue Authority and the Borough Council General Fund in respect of council tax and Central Government, Kent County Council, Kent & Medway Fire and Rescue Authority and the Borough Council General Fund in respect of business rates have been satisfied. The Collection Fund is consolidated with the other accounts of the billing authority within the Balance Sheet.

9) Annual Governance Statement (Pages 77 to 79)

This Statement accompanies the Statement of Accounts but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

10) Independent Auditor’s Report (Page 73)

The Council’s external auditors provide an independent opinion on whether the financial statements present a “true and fair view” of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025, and review the Annual Governance Statement.

DECLARATION IN SUPPORT OF ASSERTIONS MADE IN THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

This statement is given in respect of the Statement of Accounts 2024/25.

I acknowledge my responsibility for preparation of the Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and that the Accounts present a “true and fair view” of the financial position of the Council and of its income and expenditure for the year ended 31 March 2025.

In doing so, the following have been done:

- A detailed closedown timetable was prepared and approved by the Corporate Management Team and communicated to all Services.
- Detailed Year-End Service Guidance Notes were prepared and issued to all Services.
- Recommendations made by our external auditors following the audit of the 2023/24 Statement of Accounts have been reviewed and actioned where appropriate.
- Reconciliations have been carried out between the Council’s financial ledger (Integra) and the Revenues & Benefits system (NEC).
- The trial balance has been balanced.
- The total for each accountant as per the trial balance has been agreed to the net total as per the ledger control sheets.
- The Total Service Expenditure as per the General Fund has been agreed to the movement in the General Fund on the Integra General Ledger.
- The non-current assets entries in the Balance Sheet are in line with valuations and other known transactions.
- The entries within the Collection Fund have been agreed with other financial statements in the Statement of Accounts and the Council Tax set by the Council on 18 February 2025 and other major precepting authorities.
- The total expenditure chargeable to the general fund and reserve balances shown in the Expenditure and Funding Analysis agrees to the net increase/decrease in general fund and reserve balances shown in the Movement in Reserves Statement.

- The total comprehensive income and expenditure for the year as shown in the Comprehensive Income and Expenditure Statement has been agreed to the Total Reserves movement reflected in the Balance Sheet.

- The movement in cash and cash equivalents as per the Cash Flow Statement has been agreed with the movement in the cash and cash equivalents balances as per the Balance Sheet.

- In preparing these Accounts due regard has been taken of the CIPFA Bulletin 19: Closure of the 2024/25 Financial Statements.

Signed: [redacted] Dated: 31 May 2025

S.J. Shelton, FCPFA
Director of Finance and Transformation

Audit Committee

21 July 2025

Part 1 - Public

Delegated

Cabinet Member	Cllr Martin Coffin, Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton, Director of Finance and Transformation
Report Author	Karen Herbert, Audit Lead

Review of the Effectiveness of Internal Audit 2024/25

1 Summary and Purpose of Report

1.1 This report informs Members of the findings of the Annual Review of the Effectiveness of the Internal Audit Function for the year 2024/25.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective Council

2.2 The provision of Internal Audit and Counter Fraud Services provides assurance on Council procedures and policies.

3 Recommendations

3.1 Members are asked to **CONSIDER** the findings of the review and **ENDORSE** the opinion that the effectiveness of the Internal Audit function for the year 2024/25 was **Good.**

4 Introduction and Background

4.1 It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that periodic self-assessments are conducted to evaluate conformance with the PSIAS Code of Ethics and Standards. To ensure compliance with this element of PSIAS, an annual internal review of the effectiveness of the Internal Audit function is undertaken. The Chief Audit Executive has conducted the review of effectiveness for the year 2024/25 and a summary of the findings of this review is attached at [Annex 1]. An External Quality Review is required to be undertaken every 5 years and is due in 2026.

4.2 As well as conformance with professional standards, the focus of the review should be on the delivery of Internal Audit to the standard required by the Council, in order for the Council to be able to place reliance on its work. Internal Audit and Counter Fraud services have been delivered through an Inter Authority Agreement with Kent County Council, giving the function greater resilience and access to a broader range of skills and expertise.

4.3 The findings of the review of effectiveness are reported to Management Team, who, following consideration of the outcome of the review, then agree an opinion as to whether the review demonstrates that the Internal Audit function in place for the year 2024/25 was effective, using the opinion definitions set out below.

Opinion	**Definition**
Good	The arrangements put in place by the Council provide **substantial** assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Satisfactory	The arrangements put in place by the Council provide **reasonable** assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Adequate	The arrangements put in place by the Council provide **limited** assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.
Unsatisfactory	The arrangements put in place by the Council provide **no** assurance of the adequacy of the control environment as a contribution to the achievement of its objectives.

4.4 It was concluded by Management Team that the opinion on the effectiveness of the Internal Audit function in place for the year 2024//25 was **Good**.

5 Financial and Value for Money Considerations

5.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

5.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

6 Risk Assessment

6.1 The Council's strategic and operational risk registers are reviewed to contribute towards the prioritisation of the Annual Internal Audit Plan.

6.2 The review of effectiveness provides assurance of the proper operation of the Internal Audit function and the findings of the review should, therefore, be considered as part of the Council's overall governance arrangements.

7 Legal Implications

7.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control in line with Internal Audit Standards.

7.2 The Council has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.

7.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

8 Cross Cutting Issues

8.1 Equalities and Diversity

8.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Review of the Effectiveness of Internal Audit

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Summary of Measures to demonstrate the effectiveness of Internal Audit – 2024-25 Review

Measure	Finding
Review of the Internal Audit team against proper practice, as defined as the *Public Sector Internal Audit Standards and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards.*	The Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards were introduced as proper Practice from 1 April 2013 (amended April 2017). The PSIAS require a periodic Internal Assessment and a five-yearly independent External Assessment An External Quality Assessment was commissioned in February 2021 and was undertaken by 'Business Risk Solutions'. The outcome of the assessment was: 'Tonbridge and Malling Borough Council Internal Audit service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards' All recommendations for improvement and enhancements from this assessment were implemented and reported to Audit Committee. Another External Quality Assessment is due in 2026. The Institute of Internal Auditors have released a set of new Global Internal Audit Standards which became effective from January 2025, and CIPFA have released a subsequent implementation guidance document. An internal self-assessment for 2024/25 was completed against these updated standards which confirmed the Internal Audit function to be broadly generally conformant. There were two of the new standards against which Internal Audit assessed themselves as non-conforming and Internal Audit can now confirm that necessary actions have been completed and these areas of non-conformance have been addressed. There are currently seven standards against which there is partial conformance, these areas have action plans in place and are being progressed to address ahead of the EQA in 2025-26.
The internal audit planning process, demonstrating that audit planning is risk-based and reflects the business objectives of the Council.	The annual audit planning exercise for the 2025/26 financial year used a risk-based methodology to ensure the most effective use of Internal Audit resource.

Summary of Measures to demonstrate the effectiveness of Internal Audit – 2024-25 Review

	A review of the Council's risk registers identified key risks to the Council. Discussions with Senior managers and use of other intelligence also identified other operational and emerging risks. Potential audit engagements were risk assessed to help prioritisation, and these were discussed with Management Team. To ensure flexibility and focus on risk, Internal Audit run a rolling plan that covers the initial 6 months of the year. Further risk assessment is to be conducted in August/September to ascertain reviews for inclusion in the second 6 months of 2025/26.
Customer Satisfaction survey results.	Customer satisfaction surveys are sent to client managers on publication of a final internal audit report. The results of surveys returned in 2024/25 to date gave an overall satisfaction measure of 97% (based on seven surveys received at time of reporting). Surveys received had additional comments from the business lead, including: *"A very good and pragmatic approach taken."* *"Great communication and a full understanding and appreciation of operational needs. A very pragmatic approach was taken to the Audit and recommendations arising."* *"The audit was thorough and covered the areas that were originally agreed."* *"Auditor was excellent at explaining what the audit was about, why it was being done, and during the fieldwork, listened to our views, explained her reasoning and we worked well with her.* *I see Audit as a critical tool to review the service and take any feedback to improve the service, and this was easy with the Auditor leading on this."* *"I found discussions with the auditor were open and useful."*

Summary of Measures to demonstrate the effectiveness of Internal Audit – 2024-25 Review

	“The audit was very smooth, with proactive and clear communication from the auditor from the first point of engagement through to the end.” *“The officer undertaking the IA for treasury management, was well versed in what was required from a TM audit. This led to being able to provide the information and signposting, in a timely manner, to the correct individuals for the officer to interview staff involved in the treasury function to understand their roles/experiences within the overall treasury function and the training element of our function. I would like to extend my thanks and appreciation to Auditor for her courteous and professional behaviour in the way she conducted the audit.”* *It was a very positive experience, and it is good to have confirmation that we are minimising risks and will take on board any suggestions made.”* Where comments are received, they are reviewed to identify any key themes and actions to address.
Key performance indicator outturns.	A set of six performance measures were used to assess the effectiveness of the Internal Audit team in achieving a quality Internal Audit Service for 2024-25. As reported in the Annual Internal Audit and Counter Fraud Report 2024, during the year the team met five of the six Internal audit performance measures. ***Client satisfaction surveys (Audit) - positive response*** *: (Target 90%, Performance 97%)* ***Audit Plan completion - % completion:*** *(Target 90%, Performance 85.71%) 12 Audits have either been completed or issued as draft reports. That leaves two audits still to be completed both of which are currently in late stages of fieldwork. Two audits have been deferred (Local Plan and Complaints) three audits are ongoing embedded assurance engagements continuing into 2025/26 (Tonbridge Town Centre Review, Gibson Building Project, and Independent Planning Reviewer)* ***Days training received – no of days per staff member:*** *(Target 5 days, Performance 7 days) This is based on staff involved in the completion of the TMBC audit and fraud plan, but excludes all auditors enrolled in the Internal*

	Professional Apprenticeship at Birmingham City University. Due to their study commitments, they have in excess of 40 days during the year and therefore would skew the results of this KPI. ***Maintenance of Continual Professional Development for qualified staff:*** *(Target 100%, Performance 100%) Based on staff working on the TMBC plan who hold professional accounting/audit qualifications that carry CPD requirements. This includes two staff who are Chartered Internal Auditors (CMIIA) two staff who are Qualified Auditors (ACCA) and four staff who are Certified Internal Auditors.* For the remaining two KPIs: *I**mplementation of Improvement actions from quality assessments that are due*** *(Target 90%, Performance 100%):* *This KPI is measured to ensure that any areas of non-conformance with the Public Internal Audit Standards are addressed. The outcome has been reported as 100% this year as a review of the Public Sector Internal Audit Standards highlighted two areas where Internal Audit were not in conformance, both of these areas were prioritised and have been addressed. Other areas of partial conformance with the Standards were identified and these are now in the process of being addressed prior to the EQA.* ***Time from end of Fieldwork to Draft Report – % within ten working days*** *(Target 85%, Performance 87%):* *This is a slight drop from last year. One audit missed the 10-day target, reaching twenty-nine working days. This was due to Auditor sickness leave. This KPI is measured to ensure that findings/issues are promptly reported. To assist with this, we implemented a more agile auditing approach during 2023/24 which has continued to be developed further in the last 12 months. This involves increased in ongoing communication during the audit and the raising of findings/issues as and when observed. This means the service is aware of findings during the audit process rather than being presented with them in the Draft Report on completion. Management actions may already be agreed and in some cases*

Summary of Measures to demonstrate the effectiveness of Internal Audit – 2024-25 Review

	already implemented by the time of the draft report is issued. The indicator, is therefore, not a true reflection of the timeliness of reporting.
The extent to which reliance can be placed on the work of internal audit by the external auditor.	Internal Audit provide External Audit with summaries of key internal audit reports, however, nationally External Audit no longer place reliance on the work of Internal Audit.

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Audit Committee

21 July 2025

Part 1 - Public

Delegated

Cabinet Member	Cllr Martin Coffin, Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton, Director of Finance and Transformation
Report Author	Karen Herbert, Audit Lead James Flannery, Counter Fraud Manager

Internal Audit and Counter Fraud Qtr 4 Progress Report and Annual Opinion

1 Summary and Purpose of Report

1.1 This report informs Members of the opinion of the Chief Audit Executive on the Council's framework for governance, risk management and control, together with the Internal Audit work completed during 2024/25 to support that opinion. In addition, the report also informs Members on the work of the Counter Fraud function in 2024/25.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective Council

2.2 The provision of Internal Audit and Counter Fraud Services provides assurance on Council procedures and policies.

3 Recommendations

3.1 Members are asked to:

- **NOTE** this Internal Audit and Counter Fraud Progress Report as a source of independent assurance regarding the risk, control and governance environment across the Council, noting the outcomes from previously reported 2024/25 Internal Audit and Counter Fraud work and activity and the updates for quarter 4 2024/25.
- **NOTE** the resultant Annual Opinion of **'Substantial'** for the year 2024/25.

4 Introduction and Background

4.1 The Accounts and Audit Regulations 2015 require the Council to undertake an adequate and effective Internal Audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Proper practice is defined by the Public Sector Internal Audit Standards (PSIAS) and CIPFA’s Local Government Application Note to the PSIAS.

4.2 The PSIAS requires Internal Audit to report periodically to senior management and the board on the Internal Audit activity’s purpose, authority, responsibility and performance relative to its plan. The PSIAS also requires the Chief Audit Executive to deliver an annual Internal Audit opinion that can be used by the organisation to inform its governance statement. The annual Internal Audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

5 The 2024/25 Review

5.1 The Internal Audit Progress report and Annual Report 2024/25 contained at **[Annex 1]** provides an accumulative summary view of the work undertaken by Internal Audit and Counter Fraud for the period April 2024 to March 2025, together with the resulting conclusions where appropriate.

6 Financial and Value for Money Considerations

6.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

6.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

7 Risk Assessment

7.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the Council on the adequacy and effectiveness of its framework for governance, risk management and control.

7.2 Failing to have an efficient and effective Counter Fraud function could lead to an increased level of fraud. This report, summarising the work of the Counter Fraud function, provides a key source of assurance for the Council on the adequacy and effectiveness of its counter fraud arrangements.

8 Legal Implications

8.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control in line with Internal Audit Standards.

8.2 The Council has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.

8.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

9 Cross Cutting Issues

9.1 Equalities and Diversity

9.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Internal Audit and Counter Fraud Progress Report

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Tonbridge and Malling Borough Council

Internal Audit Annual Report 2024-25

July 2025

1. Purpose and Background

1.1 This Annual Report provides a summary of the work completed by the Internal Audit service during 2024-25.

1.2 Public Sector Internal Audit Standards (PSIAS) require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:

- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
- A summary of the audit work from which the opinion is derived;
- Any issue the Chief Audit Executive judges particularly relevant to the preparation of the Annual Governance Statement;
- A comparison of the work undertaken with the work that was planned and a summary of the performance of the Internal Audit function against its performance measures and criteria;
- A statement on conformance with the PSIAS and the result of the Internal Audit Quality Assurance and Improvement Programme;
- Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
- Disclosure of any impairments to Internal Audit's independence (in fact or appearance) or restrictions in scope.

1.3 The purpose of this report is to satisfy these requirements and members are requested to note its content and the Annual Internal Audit Opinion provided.

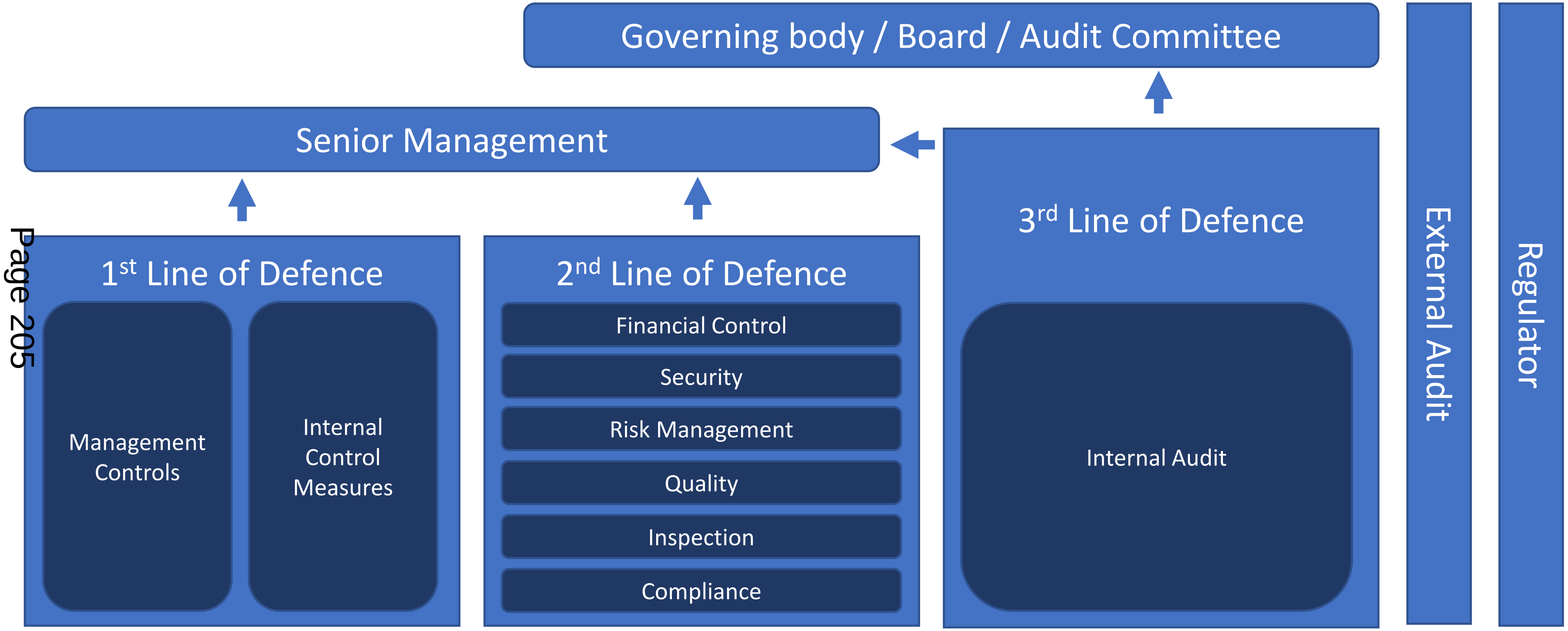
1.4 Additionally, the report highlights key messages and outcomes, issues, patterns, strengths and areas for development in respect of internal control, risk management and governance arising from work undertaken by Internal Audit.

1.5 The Annual Opinion is derived from evaluation of the outcomes of Internal Audit work with specific emphasis upon the following key factors:

- Assurance Opinions from audit assignments;
- Wider knowledge of key risks and operations by the Chief Audit Executive. Including advisory and consultancy work completed
- The level of implementation by management of agreed actions to improve internal control and the management of risk. Including consideration of the timeliness of implementation.
- Referrals and outcomes of Counter Fraud activity.
- Knowledge of other work completed by other inspectorates or assurance providers.

1.6 The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines of Defence Model:

Figure 1: Three Lines of Defence Model:



2. Annual Opinion

Overall Assurance and Opinion

2.1 Internal Audit concludes that **Substantial** Assurance can be assigned in relation to the Council's corporate governance, risk management and internal control arrangements.

2.2 The opinion on the framework for governance, risk management and control is principally based upon the evaluation of the findings, conclusions and assurances from the work of the Internal Audit function during 2024/25, full details of which are provided in this report. While all audit results are considered, including the outcomes of any consultancy work, any other reliable sources of assurance are identified and, where appropriate, considered when arriving at an overall opinion.

2.3 There has been one audit area assigned a "Limited" assurance opinion in 2024-25 and no systems, functions or processes awarded "No" assurance. The audit reviews awarded Substantial (60%) remains consistent with 2024-25, additionally there has been an audit review awarded High (10%) this year against no High reviews last year. Audits awarded Adequate (20%) assurance is a reduction from 2023-24. There has also been non-assurance work completed during the year and reported to the Audit Committee. The results of these advisory reviews have also been considered in the opinion assessment.

2.4 Whilst it has been identified that the authority has largely established substantial and effective internal controls within the areas subject to Internal Audit review in 2024/25, there are areas where compliance with existing controls should be enhanced or strengthened, or where additional controls should be introduced. Where such findings have been made by Internal Audit, recommendations have been made to management to improve the controls within the systems and processes they operate. There have been 29 recommendations raised for 2024/25 (1 High Risk, 14 Medium Risk and 14 Low Risk) This is fewer recommendations than raised for 2023/24 (35 recommendations raised, 2 High Risk, 17 Medium Risk and 16 Low Risk)

2.5 The opinion also considers the implementation by management of actions to address internal control and risk management issues identified by Internal Audit reports. In 2024-25, Implementation rates decreased to 51% with 49% in progress. This is a reduction from 70% implementation in 2022-23 and 53% implementation in 2023-24. Delays in implementation were partly attributable to officers focusing on the implementation of the Agile system. Actions to improve implementation rates are in development with officers.

2.6 No incidences of material external or internal fraud have been detected.

2.7 Internal Audit aims to add value and continues to work collaboratively with stakeholders, senior management and the Audit Committee to improve governance and internal control arrangements via identifying improvements such as:

- Being a critical friend and trusted advisor for Council projects. E.g. Agile or other key strategic activity;
- Auditing what matters and revising areas of coverage to reflect new risks;
- Help the Council look back and learn from experiences with clear and targeted reports;
- Highlighting emerging risks that require monitoring and managing;
- Championing effective corporate governance, strong risk management, greater efficiency of operations and effective processes and internal controls;
- Continued coverage of information technology and information governance risks;
- Attendance at various external groups to share best practice and inform horizon scanning of significant risks;
- Delivery of an effective proactive and reactive Counter Fraud service;
- Promoting and delivering on the ethos of talent management and development of members of the service;

2.8 There have been no significant limitations to the scope of Internal Audit work, but it should be noted that the assurance expressed can never be absolute and as such Internal Audit provides assurance based on the work performed.

3. 2024/25 Internal Audit Plan Status

3.1 A summary of the 2024-25 Audit Plan is included below. Internal Audit Summaries issued since April 2025 are include at Appendix 1.

Figure 2: Audit Plan Status:

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
TM01-2025	Tonbridge Town Centre Review	Ongoing into 25/26	Advisory	N/A	N/A
TM02-2025	Gibson Building Project	Ongoing into 25/26	Advisory	N/A	N/A
TM03-2025	Volunteer Management - Health and Safety	Complete	Substantial	Good	Jan-25
TM04-2025	Planning applications and fees (Fee payback)	Complete	Substantial	Good	Jul-25
TM06-2025	Housing Allocation Process, Assessment and Review	Complete	Substantial	Adequate	Apr-25
TM07-2025	Treasury Management	Complete	High	Very Good	Jan-25
TM08-2025	Discretionary Housing Payments	Complete	Adequate	Good	Jan-25
TM09-2025	Digital Strategies and Automation	Fieldwork			
TM10-2025	Castle Project	Complete	Advisory	N/A	Apr-25
TM11-2025	Climate Change	Complete	Substantial	Good	Jan-25
TM12-2025	Local Plan	Deferred	N/A	N/A	N/A
TM13-2025	Facilities Management / Building Maintenance	Fieldwork			
TM14-2025	Corporate Governance Principles	Draft Report	Substantial	TBC	Jul-25
TM15-2025	Annual Governance Statement	Draft Report	Adequate	TBC	Jul-25
TM16-2025	Procurement	Draft Report	Substantial	TBC	Jul-25
TM17-2025	Temporary Accommodation	Complete	Limited	Good	Jul-25
TM18-2025	Complaints	Deferred	N/A	N/A	N/A
TM19-2025	Independent Planning Reviewer	Ongoing into 25/26 (Ad hoc as required)	Advisory	N/A	N/A
TM20-2025	Agile Independent Review	Draft Report	Advisory	N/A	Jul-25

3. 2024/25 Internal Audit Assurance Levels (Based on assurance audits at draft report)

Figure 3: Audit Assurance levels

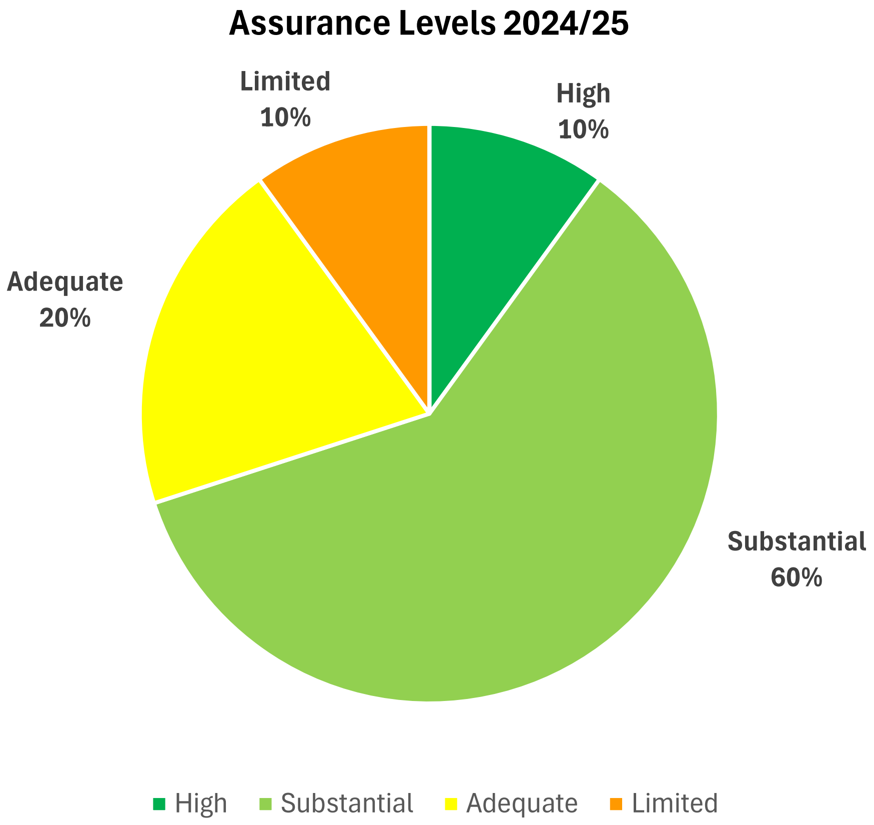


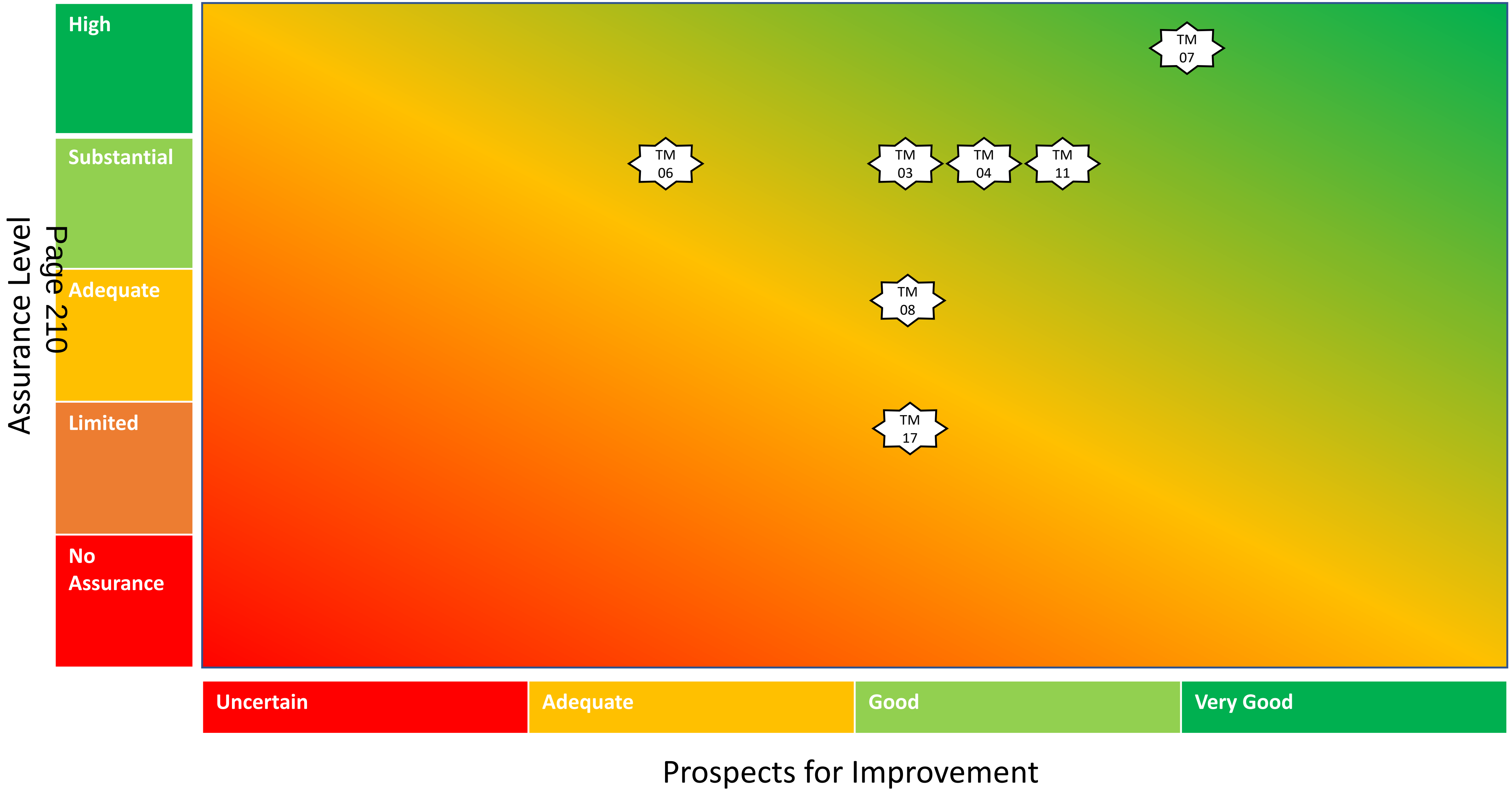
Figure 4: Audit Assurance levels and prospects for improvement

Assurance Level	No	%
High	1	10%
Substantial	6	60%
Adequate	2	20%
Limited	1	10%
No	0	0%

Prospects for Improvement	No	%
Very Good	1	14%
Good	5	71%
Adequate	1	14%
Uncertain	0	0%

3. 2024/25 Internal Audit Assurance Levels (Based on assurance audits at Final report stage)

Figure 5: Audit Assurance levels



4. Implementation of Agreed Actions

4.1 Details of the year end position on the implementation of actions from Internal Audit reports is set out in the below section.

4.2 Where an audit review identifies opportunities to introduce additional controls or improve compliance with existing controls, issues are raised and management actions agreed with client management prior to finalising the report. In line with the PSIAS, Internal Audit has arrangements in place to follow up on all actions agreed with management and to report to the Audit Committee on the responses received.

4.3 The status of implementation for the 49 recommendations due during 2024/25 is summarised below. 45% of recommendations have been implemented with a further 6% sufficiently implemented for Internal Audit to agree closure. 49% of recommendations have been observed to be in progress. 27% of recommendations have been discussed with officers and new implementation dates agreed. Further actions to improve implementation rates are in development with officers.

Figure 6: Summary of Action Implementation

	Total Number due for Implementation		Implemented		Partially Implemented and Agreed to close		In Progress		Updated implementation date agreed in January 25 based on progress evidenced.	
	High	**Medium**	**High**	**Medium**	**High**	**Medium**	**High**	**Medium**	**High**	**Medium**
Total	5	44	1	21	1	2	1	10	2	11
Total %			45%		6%		22%		27%	

5. Conformance with Public Sector Internal Audit Standards (PSIAS)

5.1 The GIAS and CIPFA's UK Application Note (the Standards) are mandatory for all public sector internal audit functions. The Standards require Internal Audit functions to maintain a Quality Assurance and Improvement Programme (QAIP), which should include both internal and external assessments of compliance against the Standards.

5.2 The last external quality assessment (EQA) was completed in February 2021. The EQA concluded that the service 'Generally Conforms' with the Public Sector Internal Audit Standards, which is the highest possible assessment available and was in line with our own internal self-assessment. The outcomes from this EQA were reported to Committee in July 2022 and all actions from the EQA were fully implemented. An EQA will be sought to be undertaken during 2025-26 to align with the 5-year cycle that this is required to be undertaken.

5.3 As previously presented to the Audit Committee, a new set of Global Internal Audit Standards (the Standards) came into effect from January 2025. The Standards are arranged into 5 Domains (with 53 individual standards):

I. Purpose of Internal Auditing
II. Ethics and Professionalism.
III. Governing the Internal Audit Function
IV. Managing the Internal Audit Function
V. Performing Internal Audit Services

5.4 As reported at September 2024 committee, the Internal Audit self-assessment for 2024-25 has been completed and confirmed the Internal Audit function to be broadly generally conformant with the Standards. In this previous report there were 2 standards against which Internal Audit assessed themselves as non-conforming and Internal Audit can now confirm that necessary actions have been completed and these areas of non-conformance have been addressed. There are currently 7 standards against which there is partial conformance, these areas have action plans in place to address ahead of the EQA in 2025-26. These are shown in Table 9.

5.5 It also confirmed that all internal audit work completed during 2024-25 has been conducted in accordance with the applicable standards, our agreed Internal Audit Manual, and Quality and Assurance Improvement Programme as required in Standard 8.3 Quality.

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Section Navigation
1. Purpose & Background
2. Annual Opinion
3. Summary of Internal Audit Work
4. Implementation of Management Actions
5. Conformance with Public Sector Internal Audit Standards
6. Quality Assurance and Improvement Programme
7. Internal Audit Resources
8. Disclosure on Impairment and Statement of Independence
9. Counter Fraud Annual Report
Appendix 1 – 2024/25 Internal Audit Summaries
Appendix 2 – National Fraud Initiative
Appendix 3 – Counter Fraud Referrals
Appendix 4 – Definitions

Figure 7: Conformance with Professional Standards

		Generally Conforms	Partially Conforms	Does Not Conform
	Definition of Internal Auditing			
Reference	Principle 1 – Demonstrate Integrity			
1.1	Honesty and Professional Courage	✓		
1.2	Organisation's Ethical Expectations	✓		
1.3	Legal and Ethical Behaviour	✓		
Reference	Principle 2 – Maintain Objectivity			
2.1	Individual Objectivity	✓		
2.2	Safeguarding Objectivity	✓		
2.3	Disclosing Impairments to Objectivity	✓		
Reference	Principle 3 – Demonstrate Competency			
3.1	Competency	✓		
3.2	Continuous Professional Development	✓		
Reference	Principal 4 – Exercise Due Professional Carte			
4.1	Conformance with the Global Internal Audit Standards		✓	
4.2	Due Professional Care	✓		
4.3	Professional Scepticism	✓		
Reference	Principle 5 – Maintain Confidentiality			
5.1	Use of Information	✓		
5.2	Protection of Information			
Reference	Principal 6 – Authorised by the Board			
6.1	Internal Audit Mandate	✓		
6.2	Internal Audit Charter	✓		
6.3	Board and Senior Management Support	✓		

		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Principle 7 – Positioned Independently			
7.1	Organisational Independence		✓	
7.2	Chief Audit Executive Qualifications	✓		
Reference	Principal 8 – Overseen by the Board			
8.1	Board Interaction	✓		
8.2	Resources	✓		
8.3	Quality	✓		
8.4	External Quality Assessment	✓		
Reference	Principle 9 – Plan strategically			
9.1	Understand Governance, Risk Management and Control Processes	✓		
9.2	Internal Audit Strategy	✓		
9.3	Methodologies		✓	
9.4	Internal Audit Plan	✓		
9.5	Coordination and Resilience		✓	
Reference	Principle 10 – Manage Resources			
10.1	Financial Resource Management	✓		
10.2	Human Resource Management		✓	
10.3	Technological Resources	✓		
Reference	Principle 11 – Communicate Effectively			
11.1	Building Relationships and Communicating with Stakeholders		✓	
11.2	Effective Communication	✓		
11.3	Communicating Results	✓		
11.4	Errors and Omissions	✓		
11.5	Communicating the Acceptance of Risk	✓		

		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Principle 12 – Enhance Quality			
12.1	Internal Quality Assessment	✓		
12.2	Performance Management		✓	
12.3	Oversee and Improve Engagement Performance	✓		
Reference	Principle 13 – Plan Engagements Effectively			
13.1	Engagement Communication	✓		
13.2	Engagement Risk Assessment	✓		
13.3	Engagement Objective and Scope	✓		
13.4	Evaluation Criteria	✓		
13.5	Engagement Resources	✓		
13.6	Work Program	✓		
Reference	Principle 14 – Conduct Engagement Work			
14.1	Gathering Information for Analysis and Evaluation	✓		
14.2	Analysis and Potential Engagement Findings	✓		
14.3	Evaluation of Findings	✓		
14.4	Recommendations and Action Plans	✓		
14.5	Engagement Conclusions	✓		
14.6	Engagement Documentation	✓		
Reference	Principle 15 – Communicate Engagement Results and Monitor Action Plans			
15.1	Final Engagement Communication	✓		
15.2	Confirming the Implementation of Recommendations or Action Plans	✓		

Section Navigation

6 Quality Assurance & Improvement Programme (QAIP)

6.1 The GIAS and CIPFA's UK Application Note describe the QAIP as:

> "A QAIP is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement."

6.2 As acknowledged by the External Assessor in 2021, Internal Audit have a robust process for undertaking the QAIP, which includes the completion of the following reviews to confirm compliance with GIAS and CIPFA's UK Application Note:

- **Self- Assessment** - completed for each audit engagement, proactive fraud review and complex investigation.
- **Hot Reviews** - complete for each audit investigation and fraud investigation.
- **Cold Reviews-** carried out annually across all clients using a judgemental sample and least one per individual.
- **Internal Assessment** - competed annually against PSIAS.
- **External Assessment** - completed every 5 years for Audit and Counter Fraud.
- **Customer Feedback** - competed for each audit engagement and proactive counter fraud review.

During 2024-25, the following Improvement areas have been addressed:

Improvement Made
Assessment of compliance against new Global Internal Audit Standards and develop action plans to address any areas of non-conformance - completed.
Implement a more effective approach to Cold Reviews – completed.
Integration of new Audit Management software and updating the Audit Manual to align – completed.
Increased utilisation of artificial intelligence in audit planning – completed/ongoing.
Continued to develop wellbeing, support and approaches for the team – completed/ongoing

Improvements identified for 2025-26 include:

Improvement Issue
Implement action plans previously developed to address any areas of non-conformance against new Global Internal Audit Standards.
Continue to review new audit management software for efficiencies in its use including follow-up of management actions
Improved use of data analytics.
Increased utilisation of artificial intelligence in audit planning
Continue to develop wellbeing, support and approaches for the team.

6 Quality Assurance & Improvement Programme (QAIP)

6.3 The programme also assesses the efficiency and effectiveness of the Internal Audit activity and identifies opportunities for improvement and learning for the team. The performance of the Internal Audit Team is measured and monitored throughout the year and the year-end position is shown below:

Audit Plan

Audit Plan Completion (based on 14 audits)

85.71% (Target 90%)

2 audits have been deferred (Local Plan and Complaints) 3 audits are ongoing embedded assurance engagements continuing into 2025/26 (Tonbridge Town Centre Review, Gibson Building Project and Independent Planning Reviewer) 12 Audits have either been issued as draft reports or are complete, leaving 2 audits in fieldwork. Digital Strategies and Automation was delayed due to other activity within the service area, Facilities Management/Building Maintenance was also subject to some delays due to officer capacity. Both audits are in late fieldwork stages nearing draft report.

Timeliness of Draft Report

Time from end of fieldwork to Draft Report – % within 10 working days

90% (Target 85%)

This is an improvement of 19% from last year. One audit missed the 10-day target, reaching 29 working days. This was due to Auditor sickness leave. This KPI is measured to ensure that findings/issues are promptly reported. To assist with this, we have implemented a more agile auditing approach in the last 24 months. This involves increased in ongoing communication during the audit and the raising of findings/issues as and when observed. This means the service is aware of findings during the audit process rather than being presented with them in the Draft Report on completion. Management actions may already be agreed and in some cases already implemented by the time of the draft report is issued. The indicator, is therefore, not a true reflection of the timeliness of reporting.

External Quality Assessment

Assessed from the External Quality Assessment in 2021 as 'Generally Compliant'

Internal Self-Assessment

% of Improvement actions completed from quality assessments

100% (5 improvement actions identified for 2024/25)

This KPI is measured to ensure that any areas of non-conformance with the Public Internal Audit Standards are addressed. The outcome has been reported as 100% based on 5 of 5 improvement actions being completed in 2024/25, 2 of these actions are highlighted as achieved for 2024/25 but will also be ongoing into 2025/26.

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1. Purpose & Background
2. Annual Opinion
3. Summary of Internal Audit Work
4. Implementation of Management Actions
5. Conformance with Public Sector Internal Audit Standards
6. Quality Assurance and Improvement Programme
7. Internal Audit Resources
8. Disclosure on Impairment and Statement of Independence
9. Counter Fraud Annual Report
Appendix 1 – 2024/25 Internal Audit Summaries
Appendix 2 – National Fraud Initiative
Appendix 3 – Counter Fraud Referrals
Appendix 4 – Definitions

6 Quality Assurance & Improvement Programme (QAIP)

Training

Average days training received per staff member
7.0 days (Target 5 days)

This is based on staff involved in the completion of the TMBC audit and fraud plan, but excludes all auditors enrolled in the Internal Professional Apprenticeship at Birmingham City University. Due to their study commitments, they have in excess of 40 days during the year and therefore would skew the results of this KPI.

Professional Qualifications

Maintenance of Continual Professional Development for relevant staff
100% (Target 100%)

Based on staff working on the TMBC plan or who may have been called to work on the plan who hold professional accounting/audit qualifications that carry CPD requirements. This includes 2 staff who are Chartered Internal Auditors (CMIIA) 2 staff who are Qualified Auditors (ACCA) and 4 staff who are Certified Internal Auditors.

F. Client Satisfaction

Client Satisfaction surveys at the end of each audit
97% (Target 90%)

Organisation Performance

% Recommendations implemented by original date
51% (Target 80%)

% of open Recommendations overdue
22% (Target 10%)

Time from issue of Draft Report to completion of Management Action Plan (% within 10 working days.

30% (Target 85%)

This is based on responses received or expected to have been received to draft reports issued at the time of report. 3 of 9 draft reports issued to were responded to within expected timeframes. Of the 6 audits that did not receive responses within expected timescales, for one audit the client requested additional time due to the need to co-ordinate responses across multiple areas of responsibility, for another the client has requested a meeting to discuss wording of one of the issues raised, 2 audits received responses very soon after the 10 working days at 11 and 13 days, and for the remaining 2 audits either the auditor or client was on leave and unable to progress in required timescales.

6 Quality Assurance & Improvement Programme (QAIP)

<u>Client Satisfaction</u>

6.4 At the end of each audit review, a client satisfaction questionnaire is sent to the auditee. The cumulative result for these surveys was 97% satisfaction, all audit satisfaction questionnaires showed a result of either "good" or very good".

6.5 The survey also requested any additional comments, comments received are replicated below:

"A very good and pragmatic approach taken"

"Great communication and a full understanding and appreciation of operational needs. A very pragmatic approach was taken to the Audit and recommendations arising"

"The audit was thorough and covered the areas that were originally agreed"

"Auditor was excellent at explaining what the audit was about, why it was being done, and during the fieldwork, listened to our views, explained her reasoning and we worked well with her.
I see Audit as a critical tool to review the service and take any feedback to improve the service and this was easy with the Auditor leading on this."

"I found discussions with the auditor were open and useful."

"The audit was very smooth, with proactive and clear communication from the auditor from the first point of engagement through to the end."

"The officer undertaking the IA for treasury management, was well versed in what was required from a TM audit. This led to being able to provide the information and signposting, in a timely manner, to the correct individuals for the officer to interview staff involved in the treasury function to understand their roles/experiences within the overall treasury function and the training element of our function. I would like to extend my thanks and appreciation to Auditor for her courteous and professional behaviour in the way she conducted the audit.
It was a very positive experience, and it is good to have confirmation that we are minimising risks and will take on board any suggestions made"

7. Internal Audit and Counter Fraud Resources

7.1 In accordance with professional standards, members of the Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function.

7.2 The Internal Audit and Counter Fraud service is delivered by Kent County Council via an Inter Authority Agreement. An Audit Manager and a Counter Fraud Manager lead the delivery of the TMBC Internal Audit and Counter Fraud Plan. During 2024-25, over 14 audit and fraud staff have supported its delivery.

7.3 There has been some staff turnover during the course of the year which is in line with that seen in previous years. The service has conducted successful recruitment exercises in a challenging market and excellent new colleagues have joined or are due to join the team.

- The Internal Audit Team is fully resourced with no current vacancies.
- New Audit Management software has been adopted by the Internal Audit Team which should provide a number enhancements to Internal Audit Processes.
- There was adequate technology available to support the completion of the Rolling Internal Audit Plan including data analytics tools such as PowerBi

7.4 It is also concluded that there have been no limitations to resources which adversely impacted upon the ability to provide an Annual Opinion.

8. Disclosure on Impairment and Statement of Independence

8.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note).

8.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:

- Section 151 of the Local Government Act 1972 requires every local authority makes arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
- The Accounts and Audit Regulations 2015 (England) states that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"

8.3 Since October 2021, the Internal Audit and Counter Fraud service has been delivered through an Inter Authority Agreement with Kent County Council. Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Leader of the Council, Chief Executive, Senior Management Boards, which includes the s.151 Officer, and the Chair of the Audit Committee.

8.4 There has been no significant restrictions on the scope of Internal Audit work findings during 2024-25. It is confirmed that the independence of the Internal Audit and its ability to form an evidenced audit opinion has not been adversely affected in 2024-25.

8.5 Summaries of audit work completed have been provided to the Committee throughout the year and there have been no identified areas that have required escalation.

9. Annual Counter Fraud Report

9.1 This section of the report provides details of the Council's activity in preventing and detecting fraud and corruption during the full financial year of 2024/25.

National Fraud Initiative

9.2 The Counter Fraud Team has collated the data specified by the Cabinet Office for the 2022/23 exercise. This includes reviewing the data to ensure it complies with the formats required and uploading in the required timescale.

9.3 The NFI biennial and flexible data matching service is progressing with matches being reviewed by relevant teams. A summary of activity is shown in Annex 2. Work is in progress to review these matches to determine if there is any fraud or error.

Kent Intelligence Network

9.4 The Kent Intelligence Network continues to support Local Authorities in Kent in preventing and detecting fraud. The key focus area for 2024/25 continues to look at fraud and error within Single Person Discounts, Small Business Rate Relief and unrated business and residential premises.

9.5 The full financial year 2024-25 the following results have been achieved:

- Single person discount to NFI matches £75,816 increased council tax liability
- Single person discount reviews from fraud referrals £7,324 increased council tax liability
- Unrated businesses £47,801 increased liability
- Retriever debtor tracing £267,583 for recovery action

9. Annual Counter Fraud Report

Investigating Fraud, Bribery and Corruption

9.7 A summary of cases referred or carried into the current fiscal year can be found in Annex 3

9.8 A total of 166 referrals have been received by the Counter Fraud Team in 2024/25. The most reported fraud type involves DWP derived benefits, such as council tax reduction, housing benefit or universal credit, totalling 100 referrals. The second most reported fraud type is Single Person Discount, of council tax, where a total of 32 referrals have been reported. Further detail is available in Annex 4.

- 17 cases closed, where no further action is required.
- 1 case closed; housing application withdrawn.

9.9 This year, 2024-25, 135 referrals have been closed

- 3 closed - error identified and corrected with a recoverable value of £2,284
- 64 referrals sent to DWP
- 13 referrals shared internally
- 43 referrals closed no further action

9.10 A total of 16 cases were carried forward from earlier years, which are at the following status':

- 8 cases closed
- 1 has been referred to DWP
- 4 were closed – no further action
- 2 were closed - benefit amended / withdrawn with a recoverable overpayment of £1187
- 8 cases remain open
- 2 have been opened for investigation
- 6 have open requests to joint work with DWP

Section Navigation

TM04-2025 Planning Applications and Fees (Fee Payback)

Audit Opinion	Substantial
Prospects For Improvement	Good

Key Strengths

Accuracy of Fee structure and calculations

- Compliance with National Regulations: TMBC's fees are consistent with the nationally set fee regulations.
- Transparency and Accessibility: Pre-application fees are up-to-date and published on the council's website, ensuring transparency and accessibility for applicants.
- Comprehensive Fee Structure: The fee structure reflects government guidance.
- Approval and Implementation: The review and approval of fees for this year have been implemented, ensuring that the fees cover the costs of processing applications without generating excess profit.
- Accuracy Verification: TMBC uses the fee calculator on the planning portal to verify that fees are charged lawfully, ensuring compliance with approved fee schedules.
- Cost Recovery: TMBC calculates and ensures that fees collected cover processing costs. This method is practical and aligns with cost recovery principles.

Compliance with payments of fees

- Detailed Documentation: Comprehensive documentation outlines proposed fees and charges for discretionary planning services for 2025/26, including development management, building control, high hedges, s106 monitoring, and Planning Performance Agreements (PPA).
- Audit Checks and Controls: TMBC manages and monitors fee receipting and refunds effectively.
- Benchmarking: TMBC's fees are competitive with other Kent councils.
- Compliance with Legislation: TMBC's use of Agile to illustrate fees and ensure consistency with guidance is a strong compliance measure.
- Differentiation of Fees: TMBC clearly differentiates between government-fixed planning fees and pre-planning fees charged to cover costs. This clarity helps in maintaining transparency and understanding among applicants.

Effectiveness of management

- Automated Fee Transfer System: The system used to transfer fees correctly, reduces the risk of human error and ensuring efficient fee management.
- Regular Monitoring: TMBC regularly monitors fee payments and follows up on overdue payments using Power BI reports and regular communication to officers to ensure timely action and compliance.
- Ongoing Officer Training: TMBC provides ongoing training for officers to ensure they understand relevant laws and regulations.

Monitoring Fee collection process

- Automation and Real-Time Reporting: The APAS system used is automated and provides real-time updates and reports.
- Comprehensive System Functions: APAS supports various functions, including importing applications from the Planning Portal, managing the application process, and facilitating web access to planning applications and the statutory register.
- System Agreement and Accuracy: The comparison of the operating system with the monitoring report for fees return, including payback and planning fees, ensures accuracy. The evidence provided by TMBC, demonstrates that the fees recorded in the APAS system match the monitoring reports.

TM04-2025 Planning Applications and Fees (Fee Payback)

Areas for development
- None identified

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	0
Medium Risk	0	0	0
Low Risk	0	0	0

TM14-2025 Corporate Governance Principles

Audit Opinion	Substantial
Prospects For Improvement	TBC

Key Strengths

Clear Responsibility and Committee Oversight
Responsibility for the annual review and maintenance of the Local Code of Corporate Governance is appropriately assigned. The 2024 Code was reviewed and formally approved by the Audit Committee, aligning with CIPFA/SOLACE recommended sign off and approval processes and ensuring both officer and member accountability for governance standards.

Appropriate and Relevant Evidence
The documents and activities referenced as supporting evidence in the Local Code are appropriate and well-matched to the governance statements made. They provide a credible basis for demonstrating compliance.

Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and Respecting the Rule of Law
The Code references appropriate and current evidence such as the Code of Conduct and training records, supporting a strong ethical culture and leadership commitment.

Ensuring Openness and Comprehensive Stakeholder Engagement
Consultation frameworks and public reporting mechanisms are in place and operational, with evidence of active engagement and transparency.

Defining Outcomes in Terms of Sustainable Economic, Social, and Environmental Benefits
The Corporate Strategy and Social Value Policy are relevant and up to date, clearly aligned with strategic objectives and community priorities.

Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes
Service planning and performance frameworks are appropriately cited and used to support evidence-based decision-making.

Developing the Entity's Capacity, Including the Capability of Its Leadership and the Individuals Within It
Workforce strategies, training programmes, and role definitions are current and demonstrate a clear commitment to staff development and leadership support.

Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management
Risk registers and financial reporting frameworks are embedded and mostly current, with strong oversight, transparency, and committee scrutiny.

Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability
Audit, scrutiny, and reporting mechanisms are well-documented, with public access to decisions and evidence of effective governance oversight.

Strengthening Cyber Security Governance, Data Protection, and Digital Risk Oversight
Responsibilities for cyber security governance, data protection, and digital risk oversight are clearly assigned. The Code mandates quarterly cyber-risk reviews, annual data protection audits, and regular incident reporting to the Audit Committee, embedding continuous improvement into each update.

TM14-2025 Corporate Governance Principles

Areas For Development

Absence of documented procedural guidance for updating the Local Code of Corporate Governance **(LOW)**
There is currently no structured mechanism for tracking and updating the evidence cited in the Local Code **(LOW)**

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	N/A	N/A
Medium Risk	0	N/A	N/A
Low Risk	2	TBC	TBC

TM15-2025 Annual Governance Statement

Audit Opinion	Adequate
Prospects For Improvement	

Key Strengths

- Responsibility for preparing the annual governance statement has been appropriately assigned to one of the Council's statutory officers.
- The annual governance review process is started in a timely manner and the AGS is published by the statutory deadline.
- The annual governance review gets input from statutory officers and Chief Officers.

Areas For Development

- Members (who are part of the Council's assurance framework) do not provide assurance statements to inform the AGS. **(MEDIUM)**
- The revised assurance questionnaire for Chief Officers is too short in scope to provide sufficient information for the AGS. **(MEDIUM)**
- Assurance statements provided by Chief Officers are not validated. **(MEDIUM)**
- The AGS does not include an action plan of current and future areas of governance requiring improvement. **(MEDIUM)**

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	N/A	N/A
Medium Risk	4	TBC	TBC
Low Risk	0	N/A	N/A

TM16-2025 Procurement

Audit Opinion	Substantial
Prospects For Improvement	TBC

Procurement in the public sector is formal process by which organisations enter into a contract to acquire goods, services, and works. The process is governed by a comprehensive legal framework (the Procurement Act 2023) designed to ensure transparency, fairness, and Value for Money (VFM) for taxpayers. Any contract entered into on behalf of the Council (Tonbridge and Malling Borough Council (TMBC)) is expected to comply with the requirements of UK procurement regulations and the Contract Procedure Rules set out in Part 4 of the Council's Constitution. TMBC external audit findings for 2022/23 and 2023/24, identified significant weaknesses within the Council's procurement arrangements. In response, the Council entered into an agreement with the Mid Kent Procurement Partnership service (effective from 1st of May 2024) to provide officers with access to dedicated professional procurement advice and support.

Key Strengths

- Procurement strategy and procedures which set out guidance for officers on how they should conduct procurement activities are in place.
- The procurement strategy and procedures reflect key principles from the LGA's National Procurement Strategy for Local Government.
- The Council appointed suitably experienced and qualified procurement advisors (the Mid Kent Procurement Partnership). Procurement exercises where officers consult the Mid Kent Procurement Partnership service were found to be the most compliant.
- The financial thresholds where officers are required to conduct a competitive purchasing process are clearly defined and being adhered to.
- We found no evidence of artificial splitting of contracts to circumvent contracts procedure rules and procurement regulations.
- In each of the contracts sampled, the chosen supplier was found to be either the cheapest or, where price was not the only criteria, the highest scoring supplier evidencing that the Council obtains best value for money.
- The contracts register is kept up to date and it is published to the general public, maintaining transparency of contracts awarded by the Council.

Areas for Development

- There is underutilisation of the Mid Kent Procurement Partnership service with about 30% of procurement exercises not going through the procurement service. **(MEDIUM)**
- The Council's procurement advisors are not given the opportunity scrutinise and challenge requests for single tender actions before procurement waivers are approved, which will help to minimise the use of single tender actions. **(MEDIUM)**
- Procurement waiver requests do not currently follow a consistent format. **(LOW)**

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	N/A	N/A
Medium Risk	2	TBC	TBC
Low Risk	1	TBC	TBC

TM17-2025 Temporary Accommodation

Audit Opinion	Limited
Prospects For Improvement	Good

Key Strengths

- Ensuring that all eligible clients receive Housing Benefit is a key control to ensure that rent payments are received. Policy and processes in place recognise this and sample testing identified that applications were consistently made for clients.

Areas for Development

- TA Policies and procedures are not consistently updated and owned. **(LOW)**
- The process of invoicing for TA has inefficiencies and a single point of failure. **(MEDIUM)**
- For debt arising from current TA clients, there are unclear roles and responsibilities. Procedure notes lack direction for Officers. Housing Officers addressing non-payments lack access to timely and reliable data required to enforce the policy. **(HIGH)**
- Management of debt for clients who are no longer in TA is inconsistent. **(MEDIUM)**
- Reporting to the Housing & Planning Scrutiny Select Committee on the Action Plan's completion was generally accurate, but some of the detail from recommendations from the full report were not always taken into account. **(LOW)**

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	1	1	NA
Medium Risk	2	2	NA
Low Risk	2	2	NA

TM10-2025 Castle Project

Audit Opinion	**N/A**
Prospects for Improvement	**N/A**

Background

Tonbridge Castle and grounds is an important strategic asset to Tonbridge and Malling Borough Council (TMBC) The Castle operates as a heritage hub, culture centre and tourist venue. Parts of the Castle are currently leased to other organisations including KCC Gateway which generates revenue for TMBC.

The lease agreement with KCC for the Gateway has formed a significant proportion of the income generated by the Castle (£149,000 in 2023/24), this lease was due to expire in July 2024 with plans for the KCC Gateway to be decommissioned which would leave a vacant area of the Castle and result in a reduction of revenue generated for TMBC. In July 2024, the KCC Gateway lease termination date was extended to 1st April 2025.

A project team was formed in 2022 to evaluate the commercial operation of Tonbridge Castle and grounds, understanding the different types of activities taking place and the associated costs versus the income raised, and to develop and agree proposals for how TMBC could utilise the Castle and grounds to generate sustainable, long term revenue streams for the Council. The aim being to make the site as cost effective as possible and significantly reduce the subsidy provided by the Council.

A General Purposes Committee decision in January 2024 led to a restructure of the Castle events team, events planning and management responsibility subsequently moved from Leisure Services to the Central Services team.

A recently developed Events Strategy recognises the importance of events in contributing to the revenue streams associated with the Castle and the change in management gives the opportunity to review events on the basis of cost being incurred against income received, and allow the cost allocation for specific events to be identified and calculated and charged back to the organisers appropriately.

Current Position

The agreement of an extended period for the KCC Gateway has provided TMBC with additional revenue for Quarters 2 to 4 of 2024/25, however it has also meant that decommissioning has been unable to commence to prepare the currently occupied area for alternative use.

An Operator Audit produced by Brackets in February 2025 summarised that as per previous viability reports "whilst the accommodation would potentially lend itself for Food & Beverage (F&B) uses, TMBC should explore the opportunity of combining the accommodation currently occupied by KCC / Kent Gateway, with weddings currently held in both the Council Chambers and Great Hall," The report detailed that "Most F&B operators approached had indicated that the accommodation is too small to meet their operational requirements."

The project is effectively now back at the start of Phase 2 (agreeing the future for the Castle and grounds and planning the future implementation of the agreed plan) TMBC now needs to consider whether to pursue the option of utilising the soon to be vacant space for a food and beverage operation. If TMBC wish to continue to develop this option, whether this is externally contracted or self-managed, there will be considerable work required by the project team and management to understand the cost implications and potential income generation potential before a proposal can be brought to Members for their agreement..

SCOPE AREA	OBSERVATION	RECOMMENDATION
Governance (Strategy and Decision Making)	A project Steering Group and Officer Service Group (OSG) have both been established since commencement of the project, Terms of Reference have been established for both groups. The Head of Service for Licensing, Customer Service and Community Safety leads the Officer Service Group and also attends the Steering Group meetings to provide updates. Meeting frequency was previously considered by Internal Audit to be appropriate however this has been significantly reduced recently due to changes in project timelines. Initial project documentation had previously been developed, this included a Castle OSG planning document outlining the purposes of the project, scope of the group and project governance mechanisms. Work programmes had previously been agreed and progress dashboards set up to monitor these. There was a process in place to provide updates to members through reports to the Community and Environment Scrutiny Select Committee and Cabinet.	Membership and Terms of reference for the Steering Group and OSG to be reviewed to ensure they remain relevant. Meeting dates to be re-established for both groups with appropriate frequency for project activity. Revisit project work programmes based on current project status and as required ongoing. - This process to be reinstated when required to agree updated project proposals.
Benefits Realisation	The purpose of the project had previously been clearly defined as to evaluate the current commercial operation of Tonbridge Castle and grounds, understand the different activities that are currently taking place, and to propose how TMBC utilises the strategic asset of Tonbridge Castle and grounds to generate sustained long term revenue streams. As a result significantly reducing the subsidy provided by the Council.	Revisit original business case and individual revised proposals for the Gateway space and update to ensure that proposals represent value for money and develop plans for delivery once agreed.
Risk and Issue Management	The project manager has demonstrated good understanding of the need to identify, mitigate and monitor risks arising as the project establishes and progresses. SWOT and LoNGPEST analyses were included within the initial Castle OSG Progress Dashboard and Methodology document, demonstrating that weaknesses and threats and external influences affecting the project were being considered. At the time of last review by Internal Audit the weaknesses and threats identified had not been developed into a project risk register. This was planned to be established once full agreement to proceed with the Café option had been achieved. Following receipt of the Operator Audit produced by Brackets in February 2025 the project manager is now reconsidering the options available for future use of the soon to be vacant space in the Castle, demonstrating an awareness of the risk of proceeding further with proposed café option.	Undertake a risk assessment as part of further development of the café options or any other proposals to be considered. Once proposals are agreed ensure that a full project risk register is developed to record risks, controls, and owners.

Project timescales and priorities	Phase 1 was successfully completed in 2022/23 to understand the current revenue and costs of primary and secondary budgets encompassing Tonbridge Castle and Grounds, understand the needs of the community and evaluate the different work streams (Revenue and Costs) Phase 2 of Agreeing future plans for Tonbridge Castle and Grounds and Planning Implementation for Future Plans – working with TMBC officers or chosen partners as identified started to progress as planned during 2023/24, however the extension of the Gateway contract with KCC has meant that any delivery of planned proposals for 2024 has now been delayed into 2025 or beyond. The Operator Audit report from Bracketts has suggested that TMBC need to reconsider whether a managed café is the best option for the site. An analysis of the costs for fitting and managing a café in house versus the potential income that could be generated, needs to be undertaken and then reviewed further by management, and then agreed by Members. It has been established that it could be 2026 before any proposed permanent operation is up and running at the site although there is scope for pop-up type facilities in the interim to support specific events.	Once new proposals have been developed and agreed, review timescales for delivery ensuring that critical activities for delivery are clearly identified, communicated, and understood.
Communication	There has been engagement with identified stakeholders in the form of the public consultation, the results of which have been published. Meeting minutes from Community and Environment Scrutiny Select Committee and Cabinet Committee where decisions were made are published on the TMBC website. It has previously been identified by Internal Audit that there is not currently a Communication Strategy or Plan to cover the lifetime of the Project. Steering Group and OSG have been kept up to date with developments and Internal Audit have established that both of these groups will be expected to reconvene when further decisions have been made regarding the future of the project.	Consider developing a communication plan or strategy to cover the lifetime of the project to ensure that all key stakeholders are kept up to date with timely and relevant information.
Project Resources and Cost Management	At project stages 1 and 2 (Start up and Initiation) A project Manager had been confirmed and Steering Group and OSG set up, Steering group and OSG both had appropriate representation and OSG membership remains flexible to incorporate necessary skills and experience as required depending on project requirements.	Ensure that resource requirements (financial and staffing) are considered appropriately I the development of delivery plans for agreed proposals.

Appendix 2 – National Fraud Initiative

NATIONAL FRAUD INITIATIVE 2024/2025 04-Apr-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
2 High	Housing Benefit Claimants to Student Loans, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
27 High	Housing Benefit Claimants to Housing Benefit Claimants, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
31 High	Housing Benefit Claimants to Housing Tenants, High Quality, Between Bodies		3	Opened	1	0	0	0	£0.00
47.6 Low	Housing Benefit Claimants to Taxi Drivers, Address Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
49.1 High	Housing Benefit Claimants to Benefits Agency Deceased Persons, High Quality, Within Bodies		11	Opened	11	0	0	0	£0.00
78 Info	Payroll to Pensions, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
80 High	Payroll to Creditors, Same Bank Account, Within Bodies		26	Not Opened	0	0	0	0	£0.00
81 Low	Payroll to Creditors, Address Quality, Within Bodies		1	Not Opened	0	0	0	0	£0.00
91 High	Housing Benefit Claimants to Waiting List, High Quality, Between Bodies		19	Not Opened	0	0	0	0	£0.00
172.3 High	Resident Parking Permit to Benefits Agency Deceased Persons, High Quality, Within Bodies		1	Not Opened	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

NATIONAL FRAUD INITIATIVE 2024/2025 — 04-Apr-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
240 High	Waiting List to Housing Benefit Claimants, High Quality, Within Bodies		1	Not Opened	0	0	0	0	£0.00
241 High	Waiting List to Housing Benefit Claimants, High Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
257 High	Waiting List to Waiting List, High Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
261 High	Waiting List to Benefits Agency Deceased Persons, High Quality, Within Bodies		2	Not Opened	0	0	0	0	£0.00
435 High	Council Tax Reduction Scheme to Payroll, High Quality, Within Bodies		2	Not Opened	0	0	0	0	£0.00
436 High	Council Tax Reduction Scheme to Payroll, High Quality, Between Bodies		58	Not Opened	0	0	0	0	£0.00
436.1 High	Council Tax Reduction Scheme to Pensions, High Quality, Between Bodies		64	Not Opened	0	0	0	0	£0.00
440 Low	Council Tax Reduction Scheme to Payroll, Address Quality, Between Bodies		6	Not Opened	0	0	0	0	£0.00
440.1 Low	Council Tax Reduction Scheme to Pensions, Address Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
446 High	Council Tax Reduction Scheme to Council Tax Reduction Scheme, High Quality, Between Bodies		3	Not Opened	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

NATIONAL FRAUD INITIATIVE 2024/2025 04-Apr-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
450 High	Council Tax Reduction Scheme to Housing Tenants, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
456 Medium	Council Tax Reduction Scheme to Right to Buy, Medium Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
459.1 High	Council Tax Reduction Scheme to Taxi Drivers, High Quality, Within Bodies		7	Not Opened	0	0	0	0	£0.00
459.2 High	Council Tax Reduction Scheme to Taxi Drivers, High Quality, Between Bodies		3	Not Opened	0	0	0	0	£0.00
459.6 Low	Council Tax Reduction Scheme to Taxi Drivers, Address Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
476 High	Council Tax Reduction Scheme to Housing Benefit Claimants, High Quality, Within Bodies		4	Not Opened	0	0	0	0	£0.00
477 High	Council Tax Reduction Scheme to Housing Benefit Claimants, High Quality, Between Bodies		4	Not Opened	0	0	0	0	£0.00
480 High	Housing Benefit Claimants to Council Tax Reduction Scheme, High Quality, Between Bodies		3	Not Opened	0	0	0	0	£0.00
482 High	Council Tax Reduction Scheme to Benefits Agency Deceased Persons, High Quality, Within Bodies		15	Opened	15	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

NATIONAL FRAUD INITIATIVE 2024/2025 04-Apr-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
483 High	Council Tax Reduction Scheme to HMRC Property Ownership		49	Not Opened	0	0	0	0	£0.00
483.1 High	Council Tax Reduction Scheme to HMRC Earnings and Capital		58	Not Opened	0	0	0	0	£0.00
483.2 High	Council Tax Reduction Scheme to HMRC Household Composition		385	Not Opened	0	0	0	0	£0.00
701 High	Duplicate creditors by creditor name		22	Not Opened	0	0	0	0	£0.00
702 High	Duplicate creditors by address detail		72	Not Opened	0	0	0	0	£0.00
703 High	Duplicate creditors by bank account number		29	Not Opened	0	0	0	0	£0.00
708 High	Duplicate records by invoice amount and creditor reference		300	Not Opened	0	0	0	0	£0.00
709 High	VAT overpaid		8	Not Opened	0	0	0	0	£0.00
711 High	Duplicate records by supplier invoice number and invoice amount but different creditor reference and name		5	Not Opened	0	0	0	0	£0.00
713 High	Duplicate records by postcode, invoice amount but different creditor reference and supplier invoice number and invoice date		1	Not Opened	0	0	0	0	£0.00
750 High	Procurement - Payroll to Companies House (Director), High Quality, Within Bodies		4	Not Opened	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

NATIONAL FRAUD INITIATIVE 2024/2025 04-Apr-2025

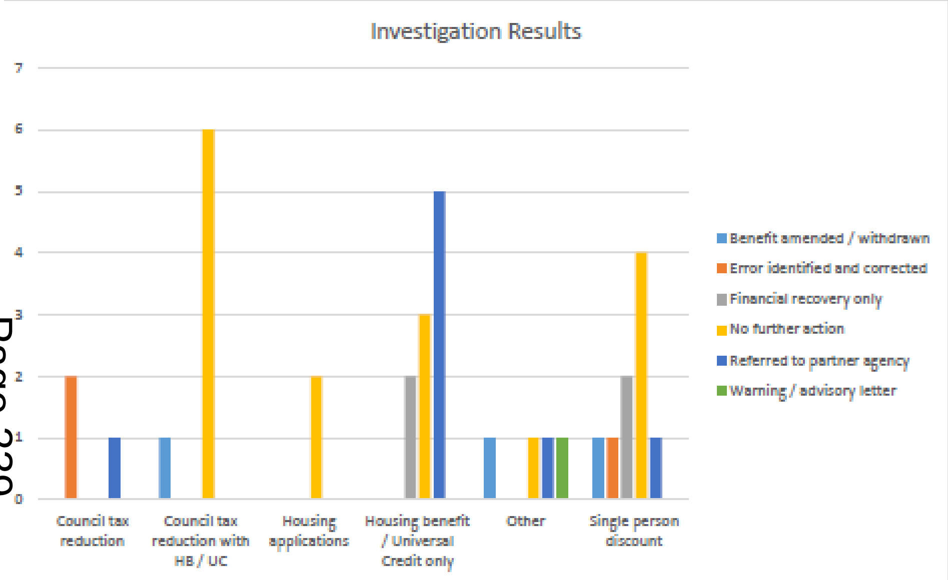
AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

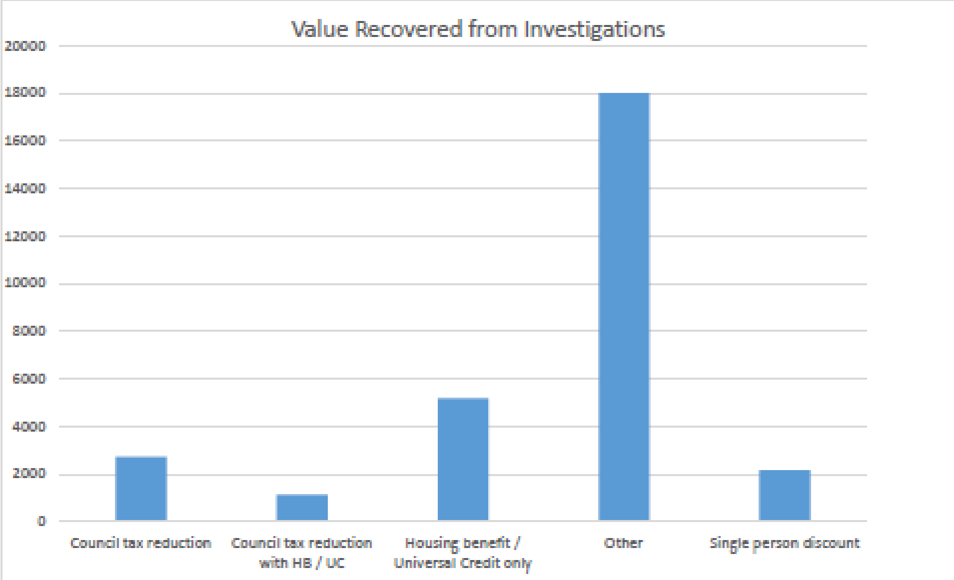
No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
9999 Info	Individuals who appear on more than one of the standard reports		8	Not Opened	0	0	0	0	£0.00
TOTAL			1188		27	0	0	0	0.00

IMPORTANT : This summary includes matches that occurred in previous years.

Appendix 3 – Counter Fraud Referrals

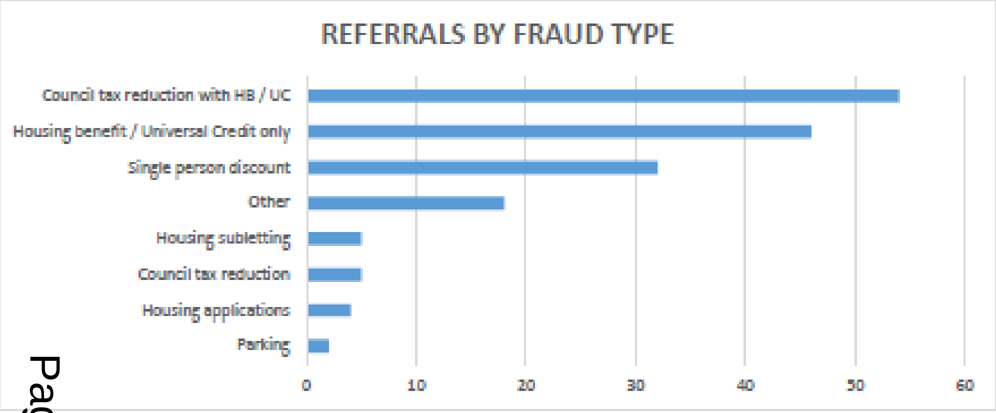
Total Number of Referrals	Open Referrals	Closed Referrals	Referrals under Investigation	Referrals awaiting sifting	% referrals Closed
182	39	143	31	0	79%

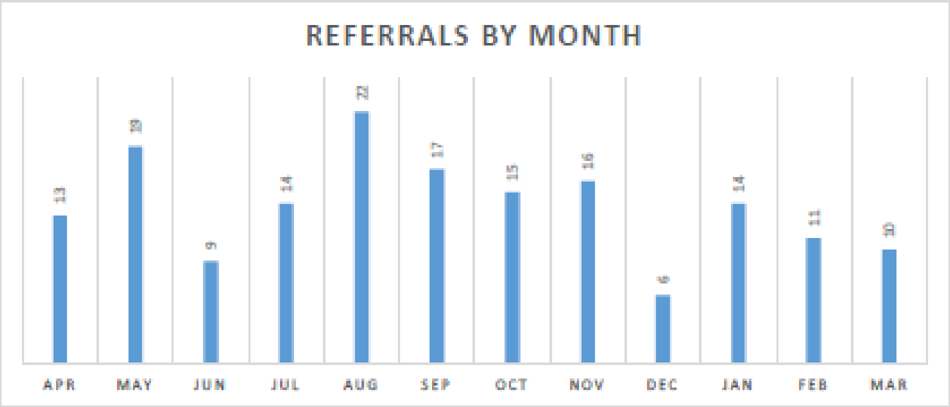


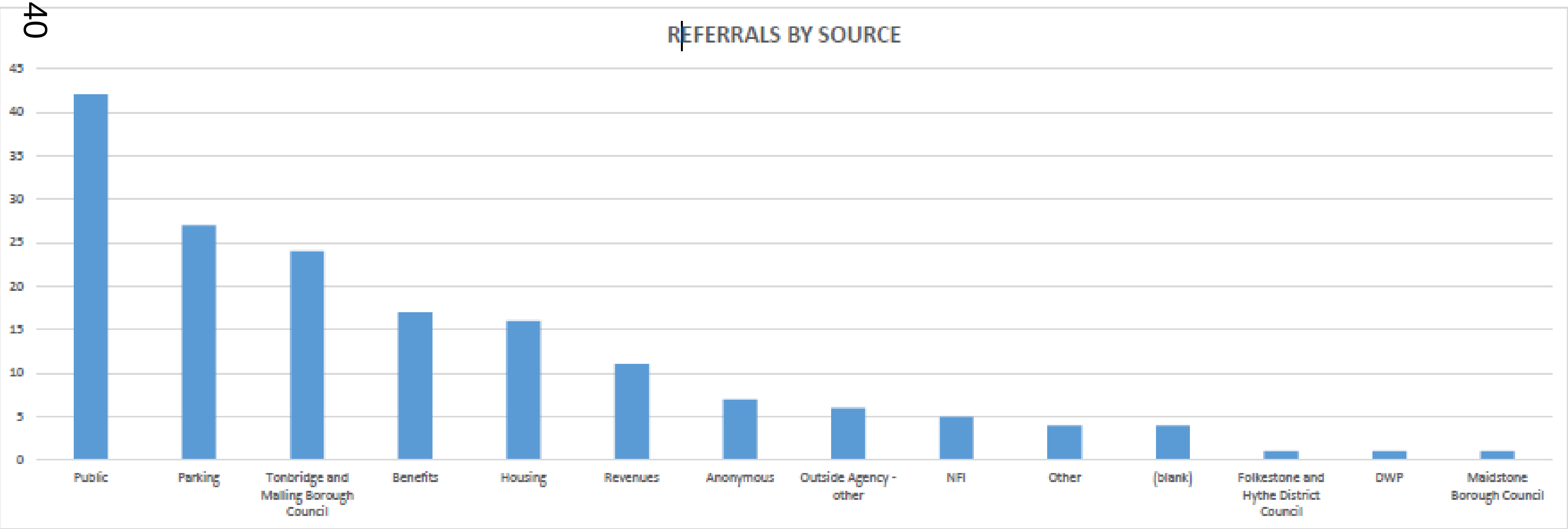


Investigations completed within 3 months	11
Investigations completed within 3 to 6 months	8
Investigations completed over 6 months	3
All cases closed within 6 months	134
Percentage cases closed within 6 months	94%
All cases closed over 6 months	9
Percentage of referrals sifted within 10 working days	46%

Appendix 3 – Counter Fraud Referrals







Appendix 4 - Definitions

Audit Opinion

High	Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively. Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives. There are examples of best practice. No significant weaknesses have been identified.
Substantial	Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively. Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.
Adequate	Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk. There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.
Limited	Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied. Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.
No Assurance	Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation. Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

Section Navigation

Prospects for Improvement	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.

Issue Risk Ratings	
High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.

Audit Committee

21 July 2025

Part 1 - Public

Matters for Information

Cabinet Member	Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton – Director of Finance and Transformation
Report Author	Paul Worden – Chief Financial Services Officer

Grant Thornton Audit Progress Report and Sector Update

1 Summary and Purpose of Report

1.1 This report gives an update on the Audit being undertaken on the Financial Statements for 2024/25 and updates emerging national issues and developments identified by our External Auditor, Grant Thornton.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 An annual audit opinion informs the efficiency, effectiveness and economic value of the council.

3 Introduction and Background

3.1 Attached at **[Annex 1]** is a progress report and sector update from Grant Thornton covering information for a number of areas including:

- Local audit reform
- New members and 30th anniversary of Nolan
- Challenges faced by local authorities implementing IFRS 16
- Reorganisation update
- Homelessness
- Making decisions
- Housing Targets

- Complaints Data
- Climate Change
- Audit Committee Resources

4 Financial and Value for Money Considerations

4.1 The fee for the audit of the 2024/25 Accounts is £163,828 compared to £147,460 for the 2023/24 audit. The increase is because of the new contract for Public Sector Audit.

5 Risk Assessment

5.1 As set out in the paper.

6 Legal Implications

6.1 As set out in the paper.

7 Consultation and Communications

7.1 None

8 Implementation

8.1 None

9 Cross Cutting Issues

9.1 Equalities and Diversity

9.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Grant Thornton Progress update

Annex 1

Grant Thornton

Tonbridge and Malling Borough Council

Audit progress report and sector updates

July 2025

Agenda

Audit progress report

Grant Thornton

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

https://www.grantthornton.co.uk/industries/public-sector/local-government/

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Sophia or Bheki.

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Progress as at June 2025

An overview of audit progress to date:

- 2024-25 – Audit planning stage
  We undertook our initial audit planning work during the months of February to March 2025. In April 2025 we issued an indicative audit plan, setting out our proposed approach to the audit of the Council's 2024-25 financial statements. We will update Audit Committee at the July 2025 meeting whether we have identified any additional risks to the 2024-25 audit in completing our planning procedures, or if we can finalise the plan issued in April 2025.
- 2024-25 – Fieldwork stage
  We started our final audit fieldwork visit in mid-June 2025 and work is planned for completion in September 2025. We completed interim work in April 2025, selecting and auditing key samples. We received the draft 2024-25 statements of accounts for audit on 30 May 2025, and have now received the supporting working papers to the accounts to progress our fieldwork audit. A summary is included on the next page covering our audit progress in key areas.
- 2024-25 – Planned audit completion
  We plan to complete and report our work in the Audit Findings Report, presenting to Audit Committee on 29 September 2025. We intend to give our opinion on the 2024-25 Statement of Accounts following the Audit Committee meeting and by the statutory deadline of 30 September 2025. To date, we have no matters to report.
- 2024-25 –Value for Money work
  Our VFM planning procedures and mobilisation of the work commenced in April 2025. The delivery of the final Auditor's Annual Report will be reported at the Audit Committee meeting on 29 September 2025. To date, we have no matters to report.

Progress as at June 2025

The table below summaries progress in key audit areas as of June 2025. Our aim is to substantially complete the work on planning areas over July 2025 and fieldwork areas ahead of our planned completion in September 2025.

Audit work	Audit comments
Understanding key business processes and accounting estimates	We are required to obtain an understanding of key business processes and the relevant controls, and key accounting estimates made in preparing the accounts. While we have completed work on key business processes and accounting estimates, we are yet to complete our understanding of the Council's processes related to IFRS 16 – Leases.
Understanding IT environment – processes and information	We are required to obtain an understanding of key IT systems at the Council. This work is in progress with discussions ongoing with management to conclude it.
Expenditure (including payroll) and Fees & charges interim audit work	We selected samples of expenditure and fees & charges income transactions during our April interim visit. We processed evidence received and raised follow-up queries. Work is progressing well, and audit team is finalising the interim testing.
Property, Plant and Equipment asset verification	We selected samples for asset existence verification during our April interim visit. No issues were noted, and audit team will finalise work on one remaining item in July 2025.
Actuary and asset valuation experts' reports	Our work on property, plant and equipment assets and pension liability valuations is considered significant. We have received all reports necessary to start our work and reports are under review. We have sent our initial queries to the external valuers as part of our procedures and expect responses in July 2025.
Cash & bank and Investments	We requested third party confirmations from City Fund's counterparties in relation to all bank accounts and investments held; we have received all responses to date and audit team is processing the confirmations.
Other sampling areas of the audit	Our work on sampling at final audit visit is ongoing. To date we have sampled key areas of the audit including debtors, creditors, unrecorded liabilities and grants. Our aim is to finalise all sampling areas in early July 2025.

Progress as at June 2025

Key audit milestones

Financial statements audit

Key dates for the delivery of the financial statements audit:

- Issue our draft Audit Findings Report (AFR) in **September 2025**.
- Issue the audit opinion for the financial statement audit by **30 September 2025**.

Value for Money

The key dates for delivering our value for money work are as follows:

- Draft Auditor's Annual Report (AAR) to be shared with management for comments in early **September 2025**.
- Final AAR to be presented to Audit Committee on **29 September 2025**.

Events

We provide a range of workshops and network events.

On 4 June 2025 we held a webinar providing updates on local government re-organisation and devolution; and lessons from our 2023-24 value for money audits. A recording of the event is available below:

[Audit Committee webinar]

Audit deliverables

Below are some of the audit deliverables planned for 2024-25

2024-25 Deliverables	Planned date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2024-25 financial statements.	April 2025	Complete
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee on 29 September 2025.	September 2025	Not yet due
Auditor's Report This includes the opinion on your financial statements, to be issued by 30 September 2025.	September 2025	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	September 2025	Not yet due

Logistics

The audit timeline

Key dates

Year-end
31 March 2025

Close out
September 2025

Audit Committee and sign off
29 September 2025

Audit phases

Planning – 2 weeks
from 18 February 2025

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agreed timetable and deliverables with management

Interim – 2 weeks
from 7 Apr 2025

Key elements

- Issued audit progress report and sector updates to management and Audit Committee
- Issued Audit Plan to management and Audit Committee
- Met with Audit Committee to present the Audit Plan
- Performed interim testing

Final – 12 weeks
w/c 16th Jun 2025

Key elements

- Audit team completing fieldwork and detailed testing
- Weekly update meetings with management arranged

Completion – 1 week
w/c 15th Sep 2025

Key elements

- Draft Audit Findings issued to management
- Audit Findings Report issued to Audit Committee
- Audit Findings Report presentation to Audit Committee
- Auditor's Annual Report
- Finalise and sign financial statements and audit report following September Audit Committee meeting

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Sector updates

Grant Thornton

Local audit reform

On 9 April 2025, the government published Local audit reform: Government response to the consultation to overhaul local audit in England - GOV.UK

Recognising that a backlog in local audit sign-off of nearly 1,000 audits had impacted local accountability and transparency, the purpose of the consultation was to rebuild a system of local audit, ensuring that audited accounts are published on time, and that trust and confidence in how councils are spending their money is restored. Grant Thornton welcomes the reforms which we believe are much needed.

The key outcome of the consultation is the decision to proceed with the establishment of a new Local Audit Office (LAO) with effect from 1 April 2026.

Local Audit Office – core principles

Value for money: Providing confidence for stakeholders that proper arrangements are in place.

Transparency of the sector's financial health and VfM arrangements.

Capacity and capability: A sustainable and resilient audit market with access to the right expertise.

External scrutiny which challenges and drives improvement.

Professionalism: Building a sector attractive to auditors.

Proportionality: Local audit that is proportionate and relevant, from regulations to governance.

Stronger accountability: High standards of financial reporting to promote public accountability.

Timely: High quality accounts which are produced on a timely basis.

Impact for local authorities

- A mandatory requirement for at least one independent Audit Committee member at each authority.
- Mandatory reporting of the Auditor's Annual Report to full Council.
- The introduction of a Local Public Accounts Committee, following the central government model.
- The strengthening of Internal Audit capacity.

New members and the 30th anniversary of Nolan

The May 2025 local elections saw significant turnover in membership at some councils. The elections saw 677 new Reform councillors become members of local government for the first time, and 674 former Conservative councillors leave local government, often after many years of service. The extent of the changes meant that when the LGA's political proportionality was recalculated on 8 May 2025, Reform was awarded its own LGA Group for the first time.

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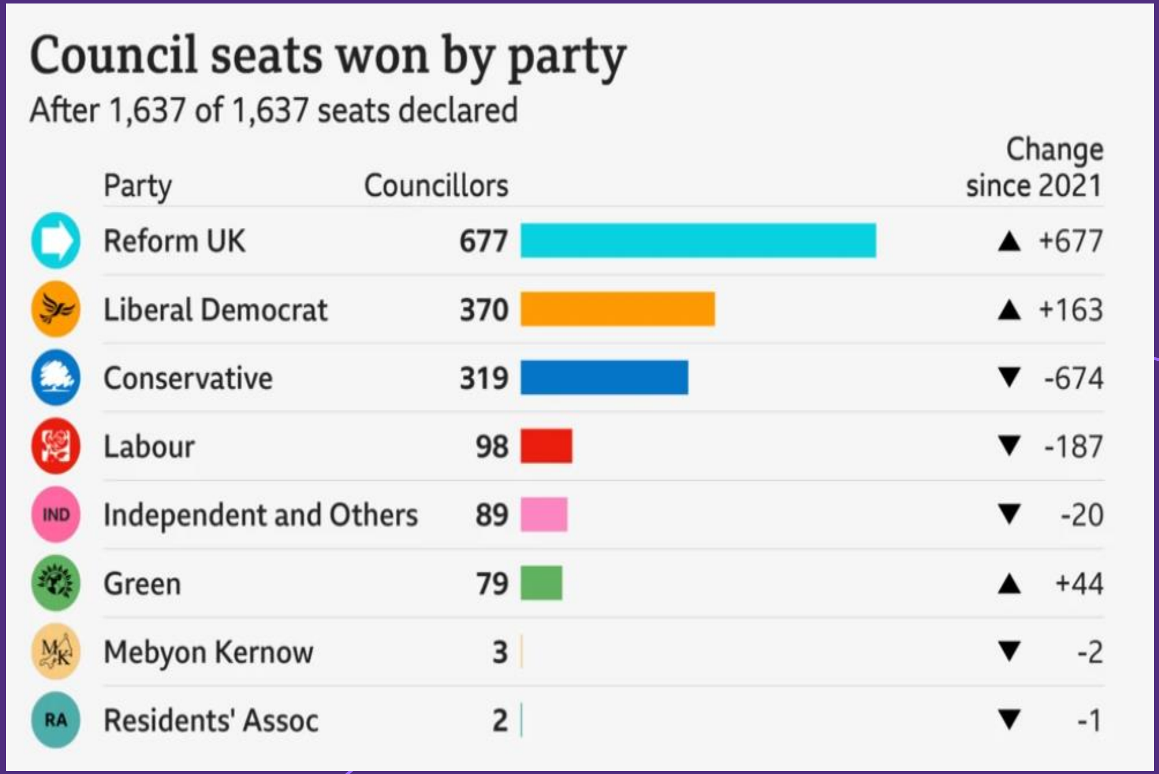
Reform, the Liberal Democrats, and the Green party all gained new councillors, many new to local government roles.

Coincidentally, May 2025 marks the 30th anniversary of the Nolan Principles. As the large number of new councillors get to grips with the challenges the local government sector faces, and the unique opportunities presently before it, there is probably no better star they can be guided by. By practicing selflessness, integrity, objectivity, accountability, openness, honesty and leadership, councillors of all political persuasions (and none) should be able to work together in the best interest of the areas they have been elected to represent.



Source: BBC News Local elections 2025: results in maps and charts

Challenges faced by local authorities in implementing IFRS 16 (1)

IFRS 16 is an international accounting standard that changes how leases are reported in financial statements. It requires organisations to bring most leases onto the balance sheet, recognising both a right-of-use asset (the value of the leased item) and a lease liability (the obligation to make future lease payments). This change improves transparency by more comprehensively reporting the extent of an organisation's leasing commitments on the balance sheet. It replaces the previous distinction between operating and finance leases for lessees under IAS 17.

In the UK public sector, IFRS 16 is adopted through the CIPFA Code of Practice on Local Authority Accounting. After several deferrals, it is now mandatory for local authorities from 1 April 2024, impacting the 2024-25 financial year.

As local authorities prepare their 2024-25 financial statements and apply IFRS16 for the first time, several areas are proving particularly challenging. These challenges are not just technical – they have implications for governance, transparency, and the accuracy of financial reporting. The Audit Committee plays a key role in providing oversight and assurance. The table below sets out some areas which can present difficulties, along with suggested questions for finance teams and Audit Committees to consider.

Area of difficulty	Description	Challenge questions to ask the Finance team
Completeness of lease records	One of the most fundamental requirements of IFRS 16 is that all lease arrangements must be identified and recorded. This includes not only formal lease contracts but also informal or embedded leases that may be part of broader service agreements. Many authorities conducted a one-off review of leases as they prepared for the transition but without ongoing processes, there is a risk that new leases entered into during the year may not be captured. This could result in incomplete or in accurate entries in the financial statements.	(a) How does the finance team ensure that all lease agreements, including those entered after the initial review, are identified and properly recorded? (b) What approach does the finance team take to work with other departments in identifying and reporting lease arrangements, especially those that might be informal or embedded in other contracts? (c) What processes or controls are in place to keep the lease register accurate and up to date throughout the year?

Challenges faced by local authorities in implementing IFRS 16 (2)

Area of difficulty	Description	Challenge question to ask the Finance team
Holdover leases (expired leases still in use)	In some cases, a property lease agreement may have ended but the authority continues to occupy and use the premises. These are known as holdover leases. The challenge here is determining whether the continued use of the asset creates a new lease under IFRS 16. This depends on whether there are still enforceable rights and obligations between the authority and the landlord. Making this assessment often requires legal judgment and careful documentation. The most challenging aspect of holdover leases is determining the lease term. Management must consider whether there is an implied contract, the term of the arrangement, and whether there are any continuing enforceable rights or obligations, as well as any significant costs or penalties from terminating the arrangement.	(a) Have any holdover leases been identified, and how has the finance team assessed whether these should be treated as leases under IFRS 16? (b) Where there was uncertainty, has legal advice been sought, and are the assumptions and judgments clearly documented? (c) What approach has been taken to determine the lease term for agreements that are open-ended or automatically renew?
Peppercorn or nominal rent leases	Some leases involve little or no payment — for example, a community building leased for £1 per year. These are known as peppercorn leases. Even though the payments are minimal, IFRS 16 requires the authority to recognise a right-of-use asset on its balance sheet at fair value. This can be difficult, especially if there is no recent valuation or if the asset is unique.	(a) Have any lease arrangements been identified where the payments are nominal or zero? If so, how have these been assessed under IFRS 16? (b) What process has been followed to determine the fair value of the right-of-use assets in these cases? (c) Is there sufficient documentation and evidence to support the valuation approach taken?

Challenges faced by local authorities in implementing IFRS 16 (3)

Area of difficulty	Description	Challenge question to ask the Finance team
Lease modelling and use of external advisors	Some authorities have relied on external advisors to calculate the lease liabilities and right-of-use assets required under IFRS 16. While this can be helpful, it has created challenges where the advisors have not provided the underlying data or assumptions used in the calculations. Without this information, it becomes difficult for the finance team to explain or support the figures in the accounts.	(a) Have external advisors been involved in the lease accounting process, and if so, do they have access to the detailed inputs and assumptions used in the calculations? (b) Can the finance team fully explain and support the lease figures presented in the financial statements? (c) What documentation and internal checks are in place to ensure the accuracy and completeness of lease calculations and disclosures?
Variable lease payments linked to indices or rates	Some lease payments vary based on inflation or other financial indices. For example, a lease might include annual increases linked to the Consumer Prices Index (CPI). Under IFRS 16, the authority must estimate future payments based on known changes to these indices. This requires careful judgment and can affect the accuracy of the lease liability recorded.	(a) How has the finance team addressed lease arrangements that include variable payments? (b) Have known changes to inflation rates or other relevant indices been factored into the lease calculations, and how has this been documented?
Group leases and consolidation	In some cases, leases exist between a council and its wholly owned subsidiary, or arrangements between a police and crime commissioner and the chief constable may in some circumstances meet the definition of a lease. These leases must be included in the individual accounts and then adjusted on consolidation. This can be complicated, especially if different entities within the group use different accounting standards.	(a) How has the finance team identified and accounted for lease arrangements between group entities? (b) What steps have been taken to align accounting policies in preparing group accounts? (c) How are intra-group leases treated in the consolidated financial statements, and what documentation supports this treatment?

Reorganisation update

March 2025

Twenty-one two tier areas were invited by the Minister of State for Local Government and English Devolution to submit interim plans for reorganisation by 21 March 2025. Councils were asked to ***"make every effort to work together to develop and jointly submit one proposal"*** for each area. Finding the consensus necessary to achieve this has been a challenge though.

The Local Government Chronicle reports that the Minister received in reply at least 40 separate local government reorganisation (LGR) interim plan submissions; outlining across the replies at least 53 separate LGR options. From the replies, none of the 21 areas had agreed a final geography for new unitary councils.

May 2025

Surrey was asked to submit its final proposal for reorganisation by 9 May 2025. Again though, consensus has not been achieved. The County Council put forward a final proposal for two unitaries on 30 April 2025; and one of the prominent borough councils put forward a final proposal for three unitaries a week or so later.

With so little consensus at this stage, moving to next steps may be difficult.

Expected next steps

26 September 2025 – Deadline for areas in the Devolution Priority Programme to submit final proposals for reorganisation.

28 November 2025 – Deadline for all other areas to submit final proposals for reorganisation.

Recommended reading

For these challenging times, three sets of material from Grant Thornton may be useful:

September 2024 - Learning from the new unitary councils

March 2025 - Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton

March 2025 - Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?

Homelessness

In May 2025, a new report by the Institute for Government highlighted how local authority spending on homelessness has nearly trebled in real terms over the last 14 years, and yet the number of homeless people has continued to rise, now reaching record proportions.

Local authority spending on homelessness in real terms (2024-25 prices):

- 2010-11: £1.3 billion
- 2024-25: £3.1 billion

Local authority median spend on homelessness as a % of all median spend:

- 2010-11: 18%
- 2023-24: 54%

Changes in the level of homelessness:

- 2010-11 to 2024-25: More than doubled.
- September 2024: 126,040 households living in temporary accommodation.

The Institute for Government (IFG) highlights that we need to focus not just on how much is spent, but also on what we spend it on. Local authorities often end up spending most of their budget, plus homelessness prevention grants and rough sleeper grants, on acute responses to homelessness. These are often exorbitantly expensive and come at the cost of underlying prevention work. IFG suggests also that individual local authorities work at too small a scale to tackle the extent of the homelessness problem – and that stronger place-based approaches are needed.

A recent report by the Local Government Chronicle looks at a similar issue through a different lens, suggesting that stronger investment in counter fraud would help slash some of the escalating spend on temporary accommodation.

Although they come at the issue of spend on homelessness from different angles, both reports indicate that challenging *how* the budget is spent, *and on what*, is more important than simply asking what the budget is.

Making decisions

With so much changing in local government, and across the UK economy, making good decisions has perhaps never been more important. Two recent major publications on decision-making for mayoral combined authorities and public sector mega-projects both include content that may be useful for strategic and complex decision-making at other levels of government.

Strategic decision-making

The Institute for Government published advice in March 2025 on "How the government can support better decision making in mayoral combined authorities".

To enhance capacity and accountability for strategic decisions, councils need to:

- Provide good technical and administrative resource to ensure that the plans members are voting on are well designed.
- Consider utilising digital tools for community engagement.
- Embed participatory processes, including peer research projects, to inform and support policy making.

Complex decision-making

The National Audit Office published a report in March 2025 on Lessons learned: Governance and decision-making on mega-projects.

To improve decision-making for the most complex projects, councils need to:

- Adopt governance arrangements that reflect the main risks to delivery and to achieving value for money.
- Map out the decision pathway, setting out which decisions will need to be made when, and by whom.
- Ensure those charged with governance over complex projects have the skills, qualification and experience needed to make decisions on the projects.

Housing targets and housing enquiry

Figues from the Office for Budget Responsibility on 26 March 2025 indicate that changes to the planning system mean that housebuilding is at a 40-year high and that 1.3 million new homes will be built across the UK by the end of this decade.

Provisional figures from Homes England on 20 May 2025 suggest that the agency exceeded its overall targets for new housing starts and completions in 2024-25, for the second year running.

Nevertheless, the government continues to look at even more new ways of opening-up housebuilding and development activity. The UK parliament is now calling for evidence from anyone who can contribute to an enquiry around the effectiveness of the current system for developer contributions.

In 2022-23, some 44% of affordable housing was provided through Section 106 agreements. Parliament wants to consider whether:

- The current system is understandable and accessible to stakeholders;
- Local Planning Authorities are receiving the correct support from MHCLG to ensure they can efficiently and effectively collect and spend developer contributions;
- The Ministry of Housing, Communities and Local Government's (MHCLG's) oversight of the system is effective; and
- MHCLG can learn and apply lessons to the process.

A National Audit Office report on the Section 106 system is due out in the summer.

Complaints data from the Local Government and Social Care Ombudsman

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Local Government &
Social Care
OMBUDSMAN

Annual 2024-25 complaints statistics have just been published for each council by LGSCO: [Your council's performance](#) .

This is an earlier publication date for the statistics than in other years – because the Ombudsman is responding to requests that the timetable be made to fit better with council complaint reporting cycles. LGSCO has also responded to council requests by including absolute numbers in the data, so that the emphasis is shifted away from percentages (in upheld, satisfactory remedies and compliance) and better context is given.

A very clear traffic light rating system has been adopted – and both councils and residents will be able to see immediately how well their area fares.

Complaints data is an important tool for judging where energy needs o be directed for risk and performance management. Context and proportion are important as well though for judging overall performance; and earlier data is generally more useful than later data. The improvements made this year to timing and presentation will help councils and their members make the most of the valuable resource that LGSCO provides.

Climate change – new role for the Energy Ombudsman

The Energy Ombudsman took on a new role on 1 April 2025, as the official dispute resolution body for Great Britain's heat network customers.

The Association for Decentralised Energy (ADE) estimates that heat networks, are projected to unlock £100 billion in UK infrastructure investment by 2050, while at the same time cutting carbon emissions. The sector is poised to play a central role in the UK's net-zero transition.

ADE estimates that most consumers are happy with the experience they have of using heat networks. Nevertheless, having an official ombudsman role boosts the credibility of the industry.

As major providers in the field, councils do need to be aware of the new dispute resolution arrangements. The Ombudsman invited providers to register with them in the run up to 1 April. Anyone who has not done so yet, should register now so that they can keep abreast with the changes ongoing.

Register here: Join our Heat Network Supplier scheme | Energy Supplier Portal

Climate change – new report on generating hope

Great British Energy recently announced £10 million of funding for a local government partnership to build clean energy power.

We know that each mayoral strategic authority in England will be invited to apply for a share of the funding, but there is little other detail available yet.

Localis have shared thoughts on how Great British Energy and the metro mayors can build clean power in every part of the country, starting with four simple steps:

- Provide robust data and measurement mechanisms for monitoring and evaluation
- Target quantifiable benefits to local communities
- Develop financial instruments such as Community Municipal Investments and Green Bonds to help support local communities
- Embed Green Public Procurement in their procurement of energy services and utilities

For a full copy of the Localis Report, see:

"Generating Hope: Local Power in Partnership"

Webinar for Audit Committee members

We held a webinar for members of Audit Committees on 4 June 2025.

Delivered by Grant Thornton specialists and drawing on experience from across the sector, the webinar covered: How to prepare for devolution and reorganisation; and shared experiences from other reorganisations - with a focus on:

- Learning from the recent formation of eight new unitary councils between 2019 and 2023
- Progress by the eight new unitary councils in 2023-24
- How to successfully reorganise local government at the same time as implementing devolution
- Project management lessons learned for reorganisation
- Performance measurement lessons learned for reorganisation
- Governance lessons learned for reorganisation
- Other relevant findings from Auditors Annual Reports for 2023-24.

The recording of our webinar can be accessed here: Audit Committee webinar.

Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Global Internal Audit Standards

Global Internal Audit Standards

Code of Audit Practice for local auditors (NAO):

https://www.nao.org.uk/code-audit-practice/

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):
https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/

The Three Lines of Defence Model (IAA)
https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

Risk Management Guidance / The Orange Book (UK Government):

https://www.gov.uk/government/publications/orange-book

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition

Delivering Good Governance in Local Government

https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition

Financial Management Code

https://www.cipfa.org/fmcode

Implementing Global Internal Audit Standards

Global Internal Audit Standards in the UK Public Sector

Prudential Code

https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition

Treasury Management Code

https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition

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Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

ANY REPORTS APPEARING AFTER THIS PAGE CONTAIN EXEMPT INFORMATION

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Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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